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S&P 500 Snaps Two-Day Losing Streak

Powell says a strong economy hasn't changed Fed's expectation that interest rate cuts will be warranted later this year

By [Charley Grant](#) [Follow](#)

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Ulta Beauty shares fell after it issued a disappointing business outlook at an investor conference.
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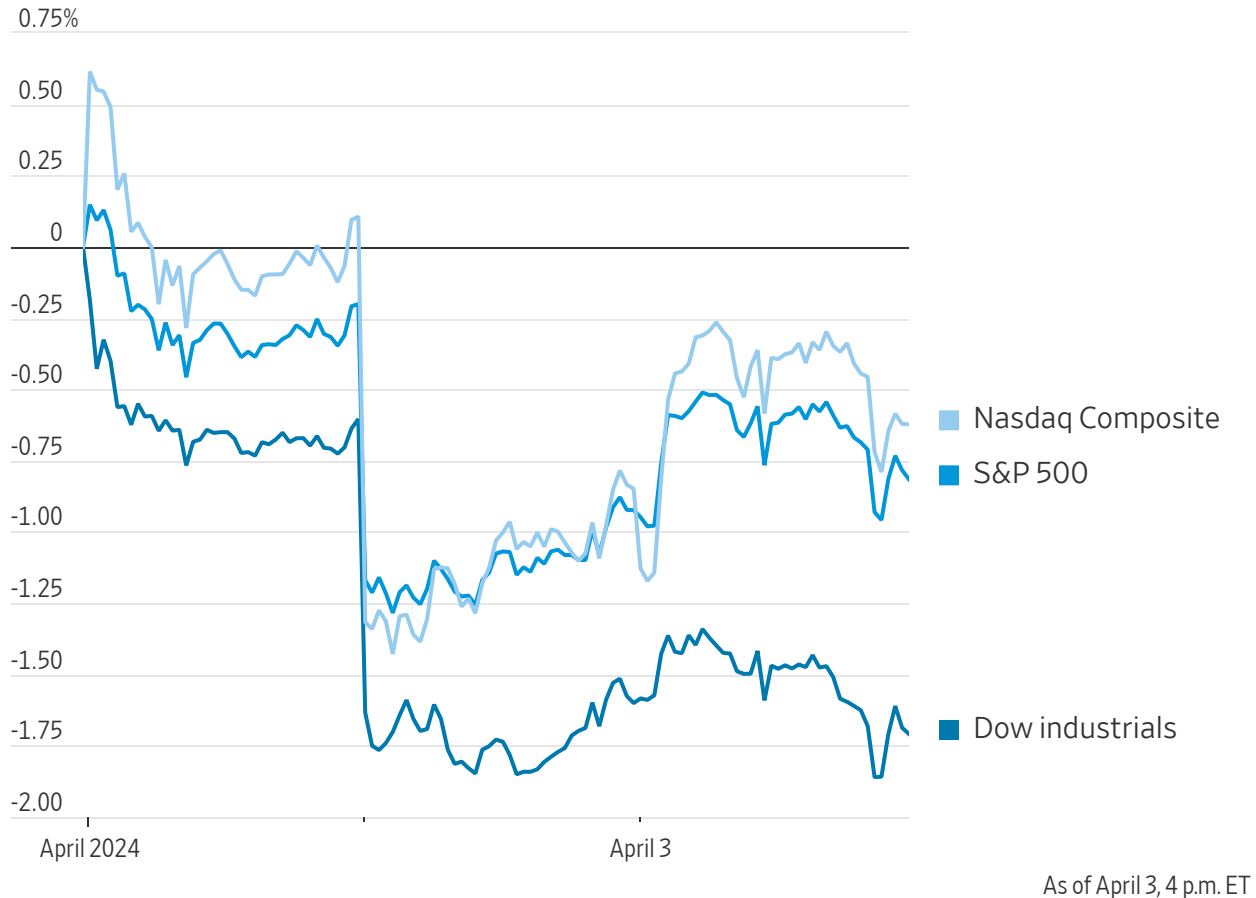
The S&P 500 edged higher Wednesday after Federal Reserve Chair Jerome Powell offered reassurance on likely interest-rate cuts, snapping a two-day losing streak.

The broad stock-market index rose 0.1%. The Nasdaq Composite gained 0.2%, while the Dow Jones Industrial Average slipped 43 points, or 0.1%. Seven of the 11 S&P 500 sectors finished the day in the green.

Powell said Wednesday that a strong economy hasn't changed the central bank's expectation that interest rate cuts will be warranted later this year.

Meanwhile, fresh data pointed to a still-growing economy, albeit at a measured pace. The Institute for Supply Management's non-manufacturing survey slipped to 51.4% in March from 52.6% in February, indicating a slower pace of economic expansion.

Index performance



Source: FactSet

Payrolls processor ADP said Wednesday the U.S. economy added 184,000 jobs in March. The Labor Department's own March jobs report is scheduled for Friday morning. Economists polled by The Wall Street Journal project the economy added about 200,000 jobs.

Despite the strong jobs growth, hiring and quitting rates have slipped to levels last seen before the onset of the pandemic. That makes a rate cut in the next several months more likely than investors currently forecast, said Brian Nick, senior investment strategist at Macro Institute. "If I'm on the Fed, is the labor market getting looser or tighter at this point?"

Interest-rate derivatives traders have assigned about a 62% probability that the central bank will move to cut interest rates at its June policy meeting, according

to CME Group's FedWatch tool.

Bond prices rose and yields fell. The benchmark 10-year Treasury yield settled at 4.354%, down from 4.363% Tuesday, which had marked this year's high.

"If interest rates continue on this upward trajectory, the value of these Nasdaq stocks probably have to go down. That's just the math of it," said Emerson Ham III, senior partner at Sound View Wealth Advisors.

Still, the recent rise in bond yields has done little to dampen the bullish mood on Wall Street.

"We continue to think we're relatively early innings in terms of what the U.S. stock market can do," said Joseph Zappia, principal and co-chief investment officer at LVW Advisors.

Crude oil futures settled at \$85.43 a barrel, up 0.3%. Gold prices settled at \$2,294.40 a troy ounce, a record high.

In individual stocks, Disney shares fell 3.1% after the entertainment giant prevailed in its proxy battle with activist investor Nelson Peltz.

The S&P 500's top performer was Paramount Global, which gained 15% after the Journal reported the company has agreed to enter exclusive merger talks with Skydance.

Ulta Beauty shares fell 15%, the largest decliner in the broad index, after the retailer issued a disappointing business outlook at an investor conference. Estée Lauder stock dropped 4.1%.

Intel shares fell 8.2% after the company said its chip-manufacturing arm had an operating loss of nearly \$7 billion last year.

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