

MarketWatch

Dow, S&P 500, Nasdaq trade at all-time highs

Dec 13, 2016

By Joseph Adinolfi and Sara Sjolin

Dow's march toward 20,000 continues; blue-chip gauge up 100 points



Getty Images

Traders are waiting to hear what Fed Chairwoman Janet Yellen will say about interest rates

U.S. stocks traded at fresh intraday records on Tuesday as the Dow Jones Industrial Average continued its march toward 20,000.

Investors remain fixated on the Federal Reserve's interest-rate decision due Wednesday, with little ahead in the way of important U.S. economic data.

Investors are pricing in a nearly 100% chance of a hike on Wednesday, but it is the tone of the Fed's statement, as well as its latest batch of economic projections, that will be closely scrutinized for clues to the central bank's plans for 2017, said James Abate, chief investment officer at Centre Asset Management.

"It's really going to be expectations for commentary from the Fed related to the pace of rate increases in 2017," Abate said.

The Dow DJIA, +0.42% climbed 67 points, or 0.4%, to 19,865 after rising more than 100 points earlier. If the Dow finishes higher, it will notch its seventh straight gain. Sharp gains for shares of Apple Inc. AAPL, +1.94% International Business Machines Corp. IBM, +1.62% , and Microsoft Corp. MSFT, +1.58% contributed the most to the rise in the stock gauge. Shares of 3M Co. MMM, -0.56% Boeing Co..BA, -1.07% and DuPont Co. DD, -0.09% were early laggards.

On Monday, the benchmark bucked a negative trend across the U.S. stock markets and closed at an all-time high.

U.S. stocks have rallied aggressively since President-elect Donald Trump defeated Democrat Hillary Clinton in an upset victory in the Nov. 8 U.S. election. Investors are betting that Trump's proposed policies, including corporate tax cuts, infrastructure spending and deregulation, will be unequivocally pro-business, if passed.

Meanwhile, the S&P 500 index SPX, +0.56% gained about 9 points, or 0.4%, to 2,266, with seven of the index's 11 sectors in the green. Materials shares were the worst performers on the broad-market index, likely due to the drop in oil prices.

The tech-heavy Nasdaq Composite Index COMP, +1.16% added 57 points, or 1.1%, to 5,470.

Both the S&P 500 index SPX, +0.56% and Nasdaq Composite Index COMP, +1.16% ended lower on Monday, with investors appearing reluctant to push shares higher ahead of the Fed meeting.

Mike Antonelli, equity sales trader at R.W. Baird & Co., noted that Tuesday's rally was broad-based, and that tech shares were leading as investors saw attractive valuations across the sector after Tuesday's selloff.

"We're in full breakout mode here," Antonelli said.

U.S. stocks also benefited from an uptick in demand for risky European assets. Earlier, UniCredit said it plans to shed €17.7 billion (\$18.9 billion) in bad debt. The move, which will help to restore Italy's largest lender to health, assuaged fears about Italy's troubled banking sector. The European Stoxx 600 SXXP, +1.05% was up 0.7% to 256.33. Asian markets closed slightly higher.

While many, including Antonelli, expect the equity rally to continue, some noted that the sharp gains seen since the election are beginning look overstretched by several measures. **Joe Saluzzi**, co-manager of trading at **Themis Trading**, said one typically reliable indicator, the CNNMoney Fear & Greed Index, has been flashing warning signs for some time. The index stood at 88 on Tuesday, signifying "extreme greed."