

# MarketWatch

## Nasdaq closes at record as tech stocks shake off broader weakness

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July 24, 2017

IMF cuts U.S. growth view



Getty Images

Is U.S. growth headed for a rough spot? The IMF thinks so.

The Nasdaq finished at a record Monday, shaking off broader market weakness as investors kicked off a busy week of earnings, a Federal Reserve policy meeting and economic data.

The S&P 500 index SPX, -0.24% fell 2.63 points, or 0.1%, to end at 2,469.91, weighed down by the telecom and the utilities sectors.

The Dow Jones Industrial Average DJIA, -0.15% shed 66.90 points, or 0.3%, to 21,513.17. General Electric Co. GE, -0.27% and Nike Inc. NKE, -0.55% were the two worst performers.

The Nasdaq Composite Index COMP, -0.21% however, rose 23.05 points, or 0.4%, at close at 6,410.81, spurred on by gains in Apple Inc. AAPL, +0.80% Facebook Inc. FB, -0.44% and Alphabet Inc. GOOGL, -0.16%

Meanwhile, the yield on the 10-year Treasury note TMUBMUSD10Y, -2.12% jumped to 2.257% as investors sold bonds, hurting utilities and telecom stocks which traditionally have paid attractive dividends, according to **Mark Kepner**, managing director of sales and trading at **Themis Trading**.

But he played down the significance of the rise in bond yields or the potential lasting impact on stocks.

"We shouldn't make too much of a summer Monday in a Fed week, and investors are not taking big positions for now," said **Kepner**.

Nearly 200 S&P 500 companies are scheduled to report quarterly results this week while the Federal Open Market Committee is slated to begin its two-day meeting on Tuesday.

The second-quarter earnings season has been generally positive, said Savita Subramanian, equity and quantitative strategist at Bank of America Merrill Lynch. She said companies are beating expectations at the highest rate in five years.

"Sixty-eight percent of companies beat on [earnings per share], 75% beat [Wall Street average estimates] on sales and 53% beat on both—the highest proportion of top and bottom-line beats at this point during earnings season in over five years," Subramanian said in a note.

Fed watchers are not expecting a change in interest rates but investors will be closely watching for clues on when the central bank will start to reduce the roughly \$4.5 trillion balance sheet which it has built up as part of its effort to boost the economy in the wake of the financial crisis, said Bill Stone, global chief investment strategist at PNC Asset Management Group.

In economic news, the Markit manufacturing flash purchasing managers index for July rose to 53.2 from 52 in June, a four-month high.

The IHS Markit flash U.S. services PMI meanwhile stayed at 54.2, tied for the best level since January.

Separately, existing-home sales fell 1.8% in June.

Data on consumer confidence, housing industry, jobless claims and second-quarter gross domestic product growth are scheduled for release this week.

The International Monetary Fund on Monday lowered its U.S. economic growth forecasts for 2017 and 2018, blaming less-expansionary-than-expected fiscal policy.

Read: As GDP will show, U.S. economy is sticking to the same track

OPEC in the spotlight: Crude-oil futures CLU7, +0.73% settled higher after Saudi Arabia pledged to lower crude exports and Nigeria agreed to limit productions as energy ministers from major crude-producing nations gathered in St. Petersburg, Russia, as part of a monthly meeting to monitor compliance with a deal to limit output.

Stocks to watch: Shares of WebMD Health Corp. WBMD, +0.03% soared 20% on news that KKR & Co. will take the health-care information provider private in a deal valued at \$2.8 billion, or \$66.50 a share in cash, a 20.5% premium to Friday's closing price of \$55.19.

Shares of Halliburton Co. HAL, -1.01% initially rallied after the oil-services company beat profit and sales forecasts but then turned south to slump 4.2%.

Hasbro Inc. HAS, -1.54% shares tumbled 9.4% after the toy maker posted revenue that fell short of forecasts.

Hibbett Sports Inc. HIBB, +1.02% shares plunged 34% after the sports retailer warned that it expects second-quarter same-store sales to fall. Shares of Dick's Sporting Goods Inc. DKS, -0.80% and Foot Locker Inc. FL, +2.46% also fell sharply,

Shares of Blue Apron Holdings Inc. APRN, -0.68% rallied 13% after RBC Capital initiated the company at outperform. Other banks and research houses were also initiating coverage on the ingredient-and-recipe meal kit service Monday. Blue Apron has been the worst-performing IPO of 2017 so far.

Scientific Games Corp. SGMS, -1.96% soared 27% after the company reported better-than-expected second-quarter revenue.

Other markets: The dollar firmed slightly with the ICE U.S. Dollar Index DXY, +0.03% edging higher. The dollar has sagged on sluggish U.S. economic data, dropping 1.4% last week.

Dollar weakness dragged stocks in Japan NIK, -1.29% and Australia XJO, +0.38% lower on Monday, as currencies in those countries gained against the greenback. Strong currencies are usually blamed for weakness in exports. European stocks SXXP, -1.00% pulled back as auto makers and oil producers struggled.

Gold prices GCQ7, +1.11% were mostly flat, settling at \$1,254.30.

—*Barbara Kollmeyer contributed to this article.*