

MarketWatch

Stocks end modestly higher as investors await Fed rate decision

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Investors shrug off North Korea summit



Reuters

President Donald Trump and North Korea's leader Kim Jong Un sign documents that acknowledge the progress of their talks.

U.S. stock-market indexes closed mostly higher Tuesday as investors shifted their attention away from a landmark meeting between President Donald Trump and Kim Jong Un to the start of a series of important central-bank meetings, kicking off with the Federal Reserve.

What did markets do?

The Dow Jones Industrial Average DJIA, +0.76% switched between small gains and losses, but failed to snag a fifth straight day of gains after closing fractionally lower at 25,320.73.

The S&P 500 SPX, +0.80% advanced 4.85 points, or 0.2%, to 2,786.85. Meanwhile, the Nasdaq Composite Index COMP, +0.99% added 43.87 points, or 0.6%, to 7,703.79.

The Russell 2000 index of small-cap stocks RUT, +0.67% closed at an all-time high, rising seven points, or 0.4%, to 1,681.95.

What drove the market?

Market reaction to the historic summit in Singapore — the first between a sitting U.S. president and a North Korean leader — was mostly muted.

Trump and Kim signed a joint document pledging to work toward the complete denuclearization of the Korean Peninsula, but the statement was criticized as lacking detail on the verification of the process.

Beyond geopolitics, traders were focusing on central-bank meetings this week. The Fed, led by Chairman Jerome Powell, is expected to raise interest rates Wednesday. The U.S. central bank's two-day meeting began Tuesday. European Central Bank policy makers are expected to announce the timing for unwinding its bond buying when they meet Thursday.

What strategists said

"It is a relatively quiet day because investors are reluctant to make any big bets ahead of two central bank meetings," said **Mark Kepner**, managing director of sales and trading at **Themis Trading**.

"At this point, the ECB meeting is far more important than the Fed's, because investors pretty much expect a rate hike in the U.S. But in Europe, even speculation about a possible discussion of ending bond purchases moved rates," **Kepner** said.

"It looks a lot like 'buy the rumor, sell the fact' where the Trump-Kim summit is concerned. Having shrugged off the failed G-7 meeting, markets are finding it hard to make progress this morning despite the bullishness that was very much in evidence yesterday," Chris Beauchamp, chief market analyst at IG, wrote in a note.

Which economic data were in focus?

The index of small-business optimism from the National Federation of Independent Businesses soared to 107.8 in May. The three-point gain took the index to the second-highest level in its 45-year history, the NFIB said.

The consumer-price index for May rose 0.2%, the fastest pace in six years, reflecting a strong U.S. economy and ultratight labor market that's stoking inflation.

What stocks moves were in focus?

Shares of Twitter Inc. TWTR, +1.87% rallied 5% after J.P. Morgan analyst Doug Anmuth boosted his price target to \$50, which is now the highest among the 37 analysts surveyed by FactSet.

Shares of Weight Watchers International Inc. WTW, +0.40% soared 5.6% to a record high after a bullish call from J.P. Morgan, which said it was time to "stop watching from the sidelines."

Shares of Lands' End Inc. LE, +0.00% soared 27% after the retailer said its first-quarter sales got a 12% boost from sales of uniforms to Delta Air Lines Inc.

Tesla Inc. TSLA, -0.37% shares jumped 3.2% after Chief Executive Elon Musk announced on Twitter that the company will let go of about 9% of its workforce.

Sage Therapeutics Inc. SAGE, -0.18% shares surged 20% on news that the company plans to expedite development of its depression drug.

Shares of Galmed Pharmaceuticals Ltd. GLMD, +3.09% surged 151% to \$17.59 after successful trial results of its drug to treat nonalcoholic steatohepatitis.

What did other markets do?

Asian stock markets were mostly calm, as stocks in Korea, Japan, Hong Kong and Singapore were little changed.

European stocks gave up modest gains, with the broader Stoxx Europe 600 Index SXXP, +0.41% closing 0.1% to 387.53.

Crude-oil futures settled higher, with July West Texas Intermediate crude US:CLN8 up 0.4% at \$66.36. Gold futures US:GCM8 settled \$3.80, or 0.2%, lower at \$1,299.40 an ounce, after tapping a high near \$1,305 during the session.

The ICE U.S. Dollar Index DXY, -0.15% , which measures the buck against six rivals, rose 0.2% to 93.

—Carla Mozee contributed to this article