

RTH U.S. Stocks Close Mostly Higher Following Early Volatility

22799122201:RTH:20231208

(RTTNews.com) - Stocks fluctuated early in the trading day on Friday but moved mostly higher over the course of the session. The major averages added to the gains posted during Thursday's session, reaching their highest closing levels in well over a year.

The major averages reached new highs late in the session but gave back some ground going into the close. The Dow rose 130.49 points or 0.4 percent to 36,247.87, the Nasdaq advanced 63.98 points or 0.5 percent to 14,403.97 and the S&P 500 climbed 18.78 points or 0.4 percent to 4,604.37.

For the week, the Dow inched marginally higher, the S&P 500 edged up by 0.2 percent and the Nasdaq increased by 0.7 percent.

The early volatility on Wall Street came following the release of a highly anticipated Labor Department report showing stronger than expected job growth in the month of November.

The closely watched report said non-farm payroll employment jumped by 199,000 jobs in November after rising by 150,000 jobs in October. Economists had expected employment to climb by 180,000 jobs.

The Labor Department also said the unemployment rate dipped to 3.7 percent in November from 3.9 percent in October. The unemployment rate was expected to remain unchanged.

The data raised concerns strength in the labor market could lead the Federal Reserve to postpone cutting interest rates, with investors hoping the central bank would pivot to rate cuts as early as March 2024.

"Despite the setback, markets are still pricing in a rate cut by May and four in total next year so it isn't that much of a setback," said Craig Erlam OANDA Senior Market Analyst, UK & EMEA.

He added, "The jobs report just wasn't ideal and didn't really fit the narrative that had been building in the markets, some would say too much."

Meanwhile, buying interest was generated in reaction to a University of Michigan report showing a pullback in consumers' inflation expectations in the month of December.

The report said year-ahead inflation expectations plunged to 3.1 percent in December from 4.5 percent in November, falling to their lowest level since March 2021.

Long-run inflation expectations also fell to 2.8 percent in December from 3.2 percent in November, matching the second lowest reading seen since July 2021.

"For the Fed this is significant because it would be difficult for the Fed to formally complete its rate hike campaign if consumer expectations continued to climb higher, as 'unanchored' expectations would continue to feed inflationary pressures," said Quincy Krosby, Chief Global Strategist for LPL Financial.

She added, "Still, a more confident consumer, coupled with a stronger labor market, could thwart the Fed's attempt to dampen consumer demand."

Sector News

Computer hardware stocks turned in a strong performance on the day, resulting in a 1.7 percent advance by the NYSE Arca Computer Hardware Index.

Significant strength was also visible among financial stocks, with the NYSE Arca Broker/Dealer Index and the KBW Bank Index climbing by 1.5 percent and 1.4 percent, respectively.

A substantial rebound by the price of crude oil also contributed to considerable strength among energy stocks, while gold and airline stocks moved to the downside over the course of the session.

Other Markets

In overseas trading, stock markets across the Asia-Pacific region turned in a mixed performance during trading on Friday. Japan's Nikkei 225 Index tumbled by 1.7 percent, while South Korea's Kospi jumped by 1.0 percent.

Meanwhile, the major European markets all moved to the upside on the day. While the French CAC 40 Index surged by 1.3 percent, the German DAX Index advanced by 0.8 percent and the U.K.'s FTSE 100 Index climbed by 0.5 percent.

In the bond market, treasuries moved sharply lower in reaction to the stronger than expected jobs data. Subsequently, the yield on the benchmark ten-year note, which moves opposite of its price, surged 11.6 basis points to 4.245 percent.

Looking Ahead

With the Fed widely expected to leave interest rates unchanged following its monetary policy next week, traders are likely to focus more closely on the central bank's accompanying statement and projections.

Reports on consumer and producer price inflation are also likely to attract attention along with reports on retail sales and industrial production.

Read the original article on RTTNews

(<https://www.rttnews.com/3410529/u-s-stocks-close-mostly-higher-following-early-volatility.aspx>)

For comments and feedback: contact_editorial@rttnews.com

Copyright(c) 2023 RTTNews.com All Rights Reserved