

US stocks begin 2017 with gains



Traders work on the floor of the New York Stock Exchange (NYSE) on the first trading day of the New Year on Jan 3, 2017 in New York City. (Spencer Platt/Getty Images/AFP)

Posted 04 Jan 2017 05:26

Updated 04 Jan 2017 05:30

NEW YORK: Wall Street stocks resumed their upward climb on Tuesday (Jan 3), the first trading day of the new year, amid apparent rising optimism about the incoming Trump administration.

Analysts said sentiment was relatively upbeat at the prospects of tax cuts, regulatory reform and other initiatives that are expected to win favour in Washington under Trump and the Republican Congress.

"Overall we ended 2016 with a great deal of optimism about stocks, even though the last week of the year was somewhat on a sideways move," said David Levy, portfolio manager at Republic Wealth Advisors.

The Dow Jones Industrial Average finished up 119.16 points (0.60 per cent) at 19,881.76.

The broad-based S&P 500 gained 19.00 points (0.85 per cent) to 2,257.83, while the tech-rich Nasdaq Composite Index advanced 45.97 points (0.85 per cent) to 5,429.08.

Ford jumped 3.8 per cent after announcing plans to scuttle a new US\$1.6 billion factory in Mexico and instead create 700 new jobs in the US. The announcement was hailed by Trump, who had previously attacked the plan for the new Mexico factory.

Ford's rival, General Motors, won 0.9 per cent after Trump threatened to impose tariffs on GM's Mexican-built Chevy Cruze cars imported to the US. GM said most of its US-sold Cruze cars are built in America.

Pharmaceutical stocks, which under-performed other sectors in 2016, advanced. Merck won 2.2 per cent, Biogen 2.9 per cent and Teva 3.4 per cent.

Restaurant shares tumbled after the NPD Group predicted that traffic will remain "stalled" in 2017, much as it did in 2016. McDonald's lost 1.7 per cent and Chipotle Mexican Grill fell 0.7 per cent.

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