

S&P 500, Nasdaq end at records after Fed speech



25 Aug 2018

NEW YORK: Wall Street stocks jumped to fresh records on Friday (Aug 24) after Federal Reserve Chair Jerome Powell said there was no sign of an overheating economy and policymakers expected to continue gradual interest rate increases.

The broad-based S&P 500 gained 17.71 points (0.62 per cent) to 2,874.69, its first closing record since January.

The Nasdaq rose 67.52 points (0.86 per cent) to 7,945.98, also a fresh record, while the Dow Jones Industrial Average gained 133.37 points (0.52 per cent) to 25,790.35, about 825 points below its all-time high.

Powell, in a much-anticipated address at an annual central banker conference in Wyoming, noted that the US economy remained strong, while prices were rising at about the Fed's target pace of two per cent.

"We have seen no clear sign of an acceleration above two per cent and there does not seem to be an elevated risk of overheating," Powell said in prepared remarks.

"I am confident that the FOMC would resolutely 'do whatever it takes' should inflation expectations drift materially up or down or should crisis again threaten."

Analysts praised Powell for being upbeat but not so effusive as to raise worries that the Fed will accelerate its pace of interest rate increases. Most market watchers expect the central bank to lift rates two more times in 2018.

The Fed seems to be "doing as good a job as they can not to overshoot" the tightening of monetary policy, said David Levy of Republic Wealth Advisors.

Gainers in the Dow included Caterpillar, DowDuPont, 3M and Visa, all of which won at least one per cent.

Gap sank 8.6 per cent after its namesake brand stores suffered a five percent drop in comparable sales, even as second-quarter profits rose 9.6 per cent to US\$297 million.

Gap reaffirmed its full-year profit forecast but did not boost the estimate, as some other retailers had this week.

The original story can be found here: <https://www.channelnewsasia.com/news/business/s-p-500-nasdaq-end-at-records-after-fed-speech-10651064>