

## Markets Boldly Aim for the Stratosphere

### STOCKS & BONDS

By The Associated Press

Stocks started August with more gains, and a worldwide rally on Monday sent Wall Street back to where it was just a couple days after it set its record earlier this year.

The S&P 500 tacked 0.7 percent more onto its four-month winning streak, and tech stocks once again led the way. The index rose 23.49 points to 3,294.61 to get within 3 percent of its record for the first time since February.

The Dow Jones industrial average rose 236.08 points, or 0.9 percent, to 26,664.40. The gains for tech stocks, particularly Microsoft and Apple, pushed the Nasdaq composite up 157.52, or 1.5 percent, to 10,902.80, another record.

Helping to launch markets higher were reports showing manufacturing activity strengthened across Europe in July by more than economists expected. The gains built higher after a separate report showed U.S. manufacturing growth accelerated last month at a faster pace than economists expected.

The data added to evidence that the global economy halted its freefall from earlier this year, at least temporarily. Earlier on Monday, a private survey showed China's manufacturing activity also grew at a faster rate in July than expected.

Such improvements have helped the S&P 500 nearly erase its pandemic-caused plunge, which had reached nearly 34 percent at one point. So have massive amounts of aid for the economy from the Federal Reserve.

Still, "there is clear confusion

among investors," said Mark Hackett, chief of investment research at Nationwide. Even though the stock market is indicating a steady recovery, he said big moves in the foreign currency and gold markets are "suggesting greater disruption."

The continued spread of the coronavirus is raising worries that the economy could backslide again. The shakeout from the pandemic took down two more big retailers over the weekend, with Lord & Taylor and the owner of Men's Wearhouse both filing for bankruptcy protection on Sunday.

Through the pandemic, though, tech companies have remained almost immune to such concerns.

Microsoft jumped 5.6 percent Monday after it confirmed that it's in talks to buy the U.S. arm of TikTok, a Chinese-owned video app that is very popular but has also drawn the White House's scrutiny. Apple added 2.5 percent, piling more gains onto its 10.5 percent rise Friday following a blowout report showing that its profits during the spring easily topped Wall Street's expectations.

"Earnings from tech companies were great, so we have the all-clear to buy the sector," said Jason Brady, CEO at Thornburg Investment Management. "We also got the all-clear from the Fed that money will stay cheap — real interest rates will stay low — and there is zero appetite for considering the costs of this position."

Across the market, corporate profits have come in for the spring that weren't quite as bad as analysts were expecting. Roughly two-thirds of the way into earnings season, 84 percent of S&P 500

companies have reported stronger results than expected, according to FactSet. If it stays at that level, it would be the highest since FactSet's records began in 2008.

Microsoft and Apple are also the two biggest in the U.S. stock market, which gives their movements huge sway over indexes. The pair alone accounted for most of the S&P 500's gain.

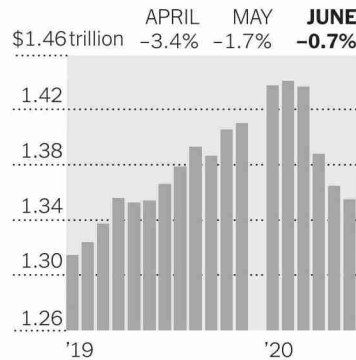
Health care stocks were also strong, with Varian Medical surging 22 percent for the biggest gain in the S&P 500. Germany-based Siemens Healthineers said it will buy the cancer therapy and research company in a deal worth roughly \$16.4 billion.

The yield on the 10-year Treasury rose to 0.56 percent from 0.55 percent late Friday.

Benchmark U.S. crude rose 1.8 percent to settle at \$41.01 per barrel. Brent crude, the international standard, climbed 1.4 percent to \$44.15 per barrel.

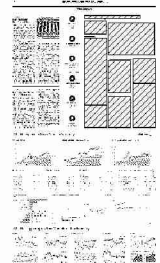
### Construction Spending

Total construction spending at a seasonally adjusted annual rate.



Source: Commerce Department

THE NEW YORK TIMES



## The S&P 500 Index

Position of the S&P 500 index at 1-minute intervals on Monday.

