

U.S. MARKETS

U.S. Stocks Close at Records

Dow industrials, S&P 500, Nasdaq Composite and Russell 2000 close at records together for the first time since July

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Major U.S. stock indexes advance

Euro falls after Catalan vote

Spanish bonds, stocks under pressure

U.S. stocks clinched new records Monday, as fresh economic data bolstered investors' beliefs in a resilient economy.

The Dow Jones Industrial Average, S&P 500, Nasdaq Composite and Russell 2000 index of small-capitalization stocks closed at highs. The last time they accomplished that feat was July 19.

The Dow industrials rose 152.51 points, or 0.7%, to 22557.60, while the S&P 500 added 9.76 points, or 0.4%, to 2529.12. The Nasdaq Composite gained 20.76 points, or 0.3%, to 6516.72, and the Russell 2000 rose 18.61 points, or 1.2%, to 1509.47.

Small stocks in particular have been surging lately. The Russell 2000 outperformed the S&P 500 by 4.16 percentage points in September—its largest monthly beat since November of last year—in part reflecting investors' belief that Republicans' tax overhaul would disproportionately benefit smaller, more domestically focused companies.

On Monday, shares of manufacturers and financial firms helped lead indexes higher.

Analysts and money managers partly attributed the fourth quarter's healthy start to data showing that manufacturing activity in the U.S. reached a 13-year high last month. The Institute for Supply Management's reading on Monday exceeded economist expectations and suggests the factory sector was enduring the impact of recent major storms.

"We fully expected there to be a little bit of divot here, a slowdown in terms of [Hurricanes] Harvey, Irma and now Maria," said Diane Jaffee, a senior portfolio manager of the TCW Relative Value Large Cap fund. "The September ISM manufacturing report surprised me."

A recent stream of economic data has portrayed a durable and growing U.S. economy, helping investors brush off a range of geopolitical risks this year. The S&P rose 4% last quarter—its eighth consecutive quarter of gains. Stocks have more room to advance, analysts say, with an unusually high number of S&P 500 companies issuing positive revenue guidance for the third quarter, according to FactSet.

Shares of 3M rose \$2.86, or 1.4%, to \$212.76, making it one of the biggest contributors to the Dow industrials' gain. General Electric added 39 cents, or 1.6%, to 24.57, while Stanley Black & Decker gained 3.56, or 2.4%, to 154.53.

Shares of financial firms advanced, with Goldman Sachs Group adding 3.46, or 1.5%, to 240.65. The Wall Street Journal reported the bank is weighing a new trading operation dedicated to bitcoin and other digital currencies. Citigroup rose 1.06, or 1.5%, to 73.80.

Health-care stocks also moved higher Monday, gaining 1% in the S&P 500. Regeneron Pharmaceutical added 15.12, or 3.4%, to 462.24 and Gilead Sciences rose 2.50, or 3.1%, to 83.52.

Still, some investors remained wary of the market's ongoing grind higher. Trading activity has been lighter than usual over the past month, and with little risk currently priced in to the market, things could snowball quickly if anything goes wrong, some money managers said.

"We're hitting these records on light volume. That means a couple of bad news items or some bad earnings could cause a selloff," said Larry Peruzzi, managing director of international equity trading at Mischler Financial.



People wave Spanish national flags during a protest against the Catalan independence referendum in Madrid on Sunday.
PHOTO: MARISCA/EPA-EFE/REX/SHUTTERSTOCK/EPA/SHUTTERSTOCK

Shares of hospitality and entertainment companies fell after a shooting on the Las Vegas Strip. Shares of MGM Resorts International declined 1.82, or 5.6%, to 30.77. MGM operates the

Mandalay Bay Hotel and Casino, where police said the gunman was located, and the company said its resorts in the vicinity were on lockdown.

Escalating tensions in Catalonia dented the euro and Spanish assets after voters overwhelmingly backed independence in a referendum Sunday that was boycotted by opponents and marred by violence as Madrid sent in thousands of extra security forces.

The Stoxx Europe 600 rose 0.5% amid support from a weakening euro and British pound—despite a 1.2% drop in Spain's IBEX 35 index. The euro fell 0.7% to \$1.1732.

Asia-Pacific equities were mostly higher, benefiting from gains in the dollar. The WSJ Dollar Index, which tracks the greenback against a basket of 16 currencies, climbed 0.4%.

Australia's S&P/ASX 200 rose 0.8% and Japan's Nikkei Stock Average added 0.2%.

Markets in China and South Korea will be shut all week, while those in Hong Kong and India were closed for holidays Monday.

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