

Wall Street dips on concerns about Fed tapering of bond purchases

NEW YORK, June 4 (Xinhua) -- U.S. stocks closed lower after choppy trading on Tuesday, as investors took a breather amid worries that the Federal Reserve may curtail its bond buying activities earlier than expected. The Dow Jones Industrial Average lost 76.49 points, or 0.50 percent, to 15,177.54 points. The S&P 500 ticked down 9.04 points, or 0.55 percent, to 1,631.38 points. The Nasdaq Composite Index shed 20.11 points, or 0.58 percent, to 3,445.26 points. The stock market opened mildly higher, underpinned by the U.S. trade deficit in April which widened less than expected. The U.S. trade gap rose 8.5 percent to about 40.3 billion U.S. dollars in April as imports growth outpaced exports, the Commerce Department reported Tuesday. Economists had expected trade deficit to increase to 41.2 billion dollars in the reporting period. However, the market began to lose steam and dip into the negative territory in the afternoon trading as fears that the Fed may scale back its bond purchases in its next policy-making meetings increased. Kansas City Fed President Esther George reaffirmed her support for tapering bond purchases on Tuesday. She said reducing monetary stimulus would help wean financial markets off their dependence on ultra-easy policy. The stock volatility has been rising in recent couple of weeks due to investors' continuing speculation on prospects of the Fed's quantitative easing policy. The CBOE Volatility Index, widely considered as the fear gauge of the market, ended above 16. Major sectors in the S&P 500 finished lower, with energy leading the losses, while telecoms rose slightly. In corporate news, General Motors (GM) will rejoin the S&P 500 to replace H.J. Heinz after the close of trading on Thursday. The move followed the food company's 28-billion-dollar buyout by Warren Buffett's Berkshire Hathaway and Brazil's private equity firm 3G Capital. GM shares rose 1.57 percent to 34.96 dollars a share, while Heinz shares were flat. The market closed higher on Monday though data showed U.S. manufacturing sector contracted in May for the first time since November 2012. In other markets, light, sweet crude for July delivery lost 14 cents, or 0.15 percent to settle at 93.31 dollars a barrel on the New York Mercantile Exchange on Tuesday. However, Brent for July delivery increased 1.18 dollars, or 1.15 percent to close at 103.24 dollars a barrel. Gold future for August delivery on the COMEX division of the New York Mercantile Exchange fell 14.7 dollars, or 1.04 percent, to settle at 1,397.2 dollars per ounce on a stronger dollar on Tuesday. The U.S. dollar recovered against major currencies on Tuesday, and it returned to the level of 100 against the yen. In late New York trading, the euro fell to 1.3028 dollars from 1.3075 dollars of the previous session and the British pound dropped to 1.5304 dollars from 1.5327 dollars.