

BUSINESS & FINANCIAL OVERVIEW

Stocks Turning In Lackluster Performance In Morning Trading - U.S.

Commentary

Stocks are turning in a lackluster performance in morning trading on Tuesday on the heels of the rally seen in the previous session. While the Dow has slid into negative territory, the broader Nasdaq and S&P 500 have been bouncing back and forth across the unchanged line.

Currently, the major averages are turning in a mixed performance. The Nasdaq is up 6.69 points or 0.1 percent at 7,835.60, but the Dow is down 72.19 points or 0.3 percent at 26,186.23 and the S&P 500 is down 0.37 points or less than a tenth of a percent at 2,866.82.

The choppy trading on Wall Street reflects uncertainty about the near-term outlook for the markets after yesterday's advance lifted the Dow and the Nasdaq to nearly six-month closing highs. Traders may be looking for more concrete developments out of ongoing U.S.-China trade talks before making more significant moves.

Additionally, a report from the Commerce Department has partly offset the positive sentiment generated by the upbeat manufacturing data released on Monday. The report showed a steep drop in durable goods orders in the month of February, although the decrease was largely due to a nosedive in orders for transportation equipment.

The Commerce Department said durable goods orders tumbled by 1.6 percent in February after inching up by a downwardly revised 0.1 percent in January. Economists had expected durable goods orders to plunge by 1.8 percent compared to the 0.3 percent increase that had been reported for the previous month.

Excluding the substantial decrease in orders for transportation equipment, however, durable goods orders actually inched up by 0.1 percent in February after edging down by 0.1 percent in January. The Commerce Department also said orders for non-defense capital goods excluding aircraft, a closely watched indicator of business spending, edged down by 0.1 percent in February after climbing by 0.9 percent in January.

Paul Ashworth, Chief U.S. Economist at Capital Economics, noted shipments in the same category were unchanged, albeit after a 1.0 percent jump in January.

"Nevertheless, non-defense capital goods (ex-aircraft) shipments are on track to expand by a modest 4% annualized in the first quarter, which points to an equally modest gain in business equipment investment," Ashworth said.

He added, "The moderation in the survey evidence over the past few months, which reflects the global manufacturing downturn, indicates that underlying durable goods orders and shipments will continue to grow at a very modest pace over the next few months."

Most of the major sectors are showing only modest moves on the day, contributing to the lackluster performance by the broader markets. Chemical and networking stocks are seeing some strength in morning trading, while moderate weakness is visible among retail and software stocks.

