

BUSINESS & FINANCIAL OVERVIEW

Dow closes at 2-week low as investors seek details on possible U.S.-China trade deal

Stocks finished lower Monday, with the Dow closing at a two-week low, as investors turned cautious after initially cheering reports that the U.S. and China were close to completing a landmark trade deal. Concerns that stocks are becoming too expensive on the back of a two-month rally from December lows also weighed on sentiment.

The Dow Jones Industrial Average DJIA, -0.05% fell 206.67 points, or 0.8%, to 25,819.65, the lowest since Feb. 14. During the session, the Dow was down as much as 415 points and up 129 at its peak for an intraday range of more than 500 points.

The S&P 500 index SPX, -0.11% shed 11.07 points, or 0.4%, to 2,792.62, and the Nasdaq Composite Index COMP, -0.02% dropped 17.79 points, or 0.2%, to 7,577.57.

The Wall Street Journal reported that Washington and Beijing could reach a trade deal as soon as this month. Media reports also said the pact would end most U.S. tariffs levied against China in exchange for the latter following up on its own promises to allow in more U.S. exports, among other measures.

While the deal has yet to be completed and hurdles remain on both sides, a formal agreement could be reached at a summit — likely around March 27 — between President Donald Trump and Chinese President Xi Jinping.

On the economic front, the Commerce Department said that construction spending fell by 0.6% in December, versus a 0.3% increase expected by economists polled by MarketWatch.

Over the weekend, Trump took a new swipe at Federal Reserve Chairman Jerome Powell and a strong dollar in a lengthy speech at the Conservative Political Action Conference in National Harbor, Md.

“We have a gentleman that likes a very strong dollar at the Fed. I want a strong dollar, but I want a dollar that is great for our country not a dollar that is so strong that it is prohibitive for us to be dealing with other nations,” said Trump. He also lashed out at the media, Democrats, environmentalists and special counsel Robert Mueller’s Russia probe.

China’s economy will also be in the spotlight this week with the National People’s Congress due to kick off and officials expected to announce growth targets.

“I think the market was and is significantly overbought,” Larry Benedict, CEO of the Opportunistic Trader, told MarketWatch. “The market opened higher off of the China news, but traders are realizing that China hasn’t commented on it,” causing concern in some quarters that a trade deal isn’t as imminent as Monday-morning reports suggested.

