

# Stocks drift to mixed finish as yields fall

BY STAN CHOE

THE ASSOCIATED PRESS

NEW YORK>> Stocks drifted on Wall Street on Tuesday after a mixed set of profit reports from big U.S. companies, as Hasbro jumped but Coca-Cola slipped.

Hopes also built that the Federal Reserve will cut interest rates later this year to boost the economy following a discouraging report on the strength of U.S. shoppers.

The S&P 500 fell 0.3% after briefly rising above its all-time high, which was set a couple weeks ago.

The Dow Jones Industrial Average added 52 points, or 0.1%, to its own record, while the Nasdaq composite fell 0.6%.

The action was stronger in the bond market, where Treasury yields fell after a report showed U.S. retailers made less money at the end of last year than economists expected. Shoppers spent roughly the same amount in December as they did in November, less than the modest growth that economists expected.

That could signal a loss of momentum for spending by U.S. households, which is the main engine of the economy. It also came ahead of two more anticipated reports coming later in the week. On Wednesday, the U.S. government will give the latest monthly update on the unemployment rate, while a Friday report will show how bad inflation is for U.S. consumers.

Altogether, the data should help the Federal Reserve decide what to do with interest rates.

The Fed has put its cuts to interest rates on hold, and too-hot inflation could keep it on pause for a long time. But a weakening of the job market, on the other hand, could push it to resume cuts more quickly.

One of the reasons the U.S. stock market has remained close to records is the expectation that the Fed will continue cutting rates later this year. Lower rates can give the economy a boost, though they can also worsen inflation.

Following Tuesday's disappointing data on sales at U.S. retailers, traders upped bets that the Fed could cut interest rates three times or more this year, according to data from CME Group. Most still see two cuts as more likely.

The yield on the 10-year Treasury sank to 4.14% from 4.22% late Monday.

On Wall Street, mixed reactions to the latest profit reports from big U.S. companies helped to keep the market in check.

