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WALL STREET

U.S. stocks inch to more records as inflation slows

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NEW YORK>> Wall Street inched to more records on Wednesday following a surprisingly encouraging report on inflation and a stunning forecast for growth from Oracle because of the artificial-intelligence boom.

The S&P 500 rose 0.3% and set an all-time high for a second straight day. The Dow Jones Industrial Average dropped 220 points, or 0.5%, and the Nasdaq composite edged up by less than 0.1% after both likewise set records the day before.

Note

Stocks have hit records in large part because Wall Street is expecting the economy to pull off a delicate balancing act: slowing enough to convince the Federal Reserve to cut interest rates, but not so much that it causes a recession, all while inflation remains under control.

Many things must go right for that to happen, and an encouraging signal came from a report on Wednesday saying inflation at the U.S. wholesale level unexpectedly slowed in August. It's a relief following months of data suggesting inflation would be tough to get under the Fed's target of 2%, particularly with President Donald Trump's tariffs pushing upward on prices.

Note

A potentially more important report is coming Thursday, which will show how bad inflation has been for U.S. households, but Wednesday's update "essentially rolled out the red carpet for a Fed rate cut next week," according to Chris Larkin, managing director, trading and investing, at E-Trade from Morgan Stanley.

Traders were already convinced the Fed will deliver its first cut to interest rates of the year at its next meeting, but they need inflation data until then to be mild enough not to derail those expectations. That's because cuts to interest rates can push inflation higher, along with giving the economy a kickstart, and hot inflation readings could tie the Fed's hands.

"The broader narrative is increasingly anchored on expectations that the Fed will deliver a rate cut at next week's meeting," said Ahmad Assiri, research strategist at Pepperstone.

On Wall Street, tech stocks led the way after Oracle said AI-related demand is set to send its revenue surging. CEO Safra Catz said Oracle signed four multibillion-dollar contracts during its latest quarter, and it expects cloud infrastructure revenue to jump 77% to $18 billion this fiscal year. After that, it expects such revenue to soar to $144 billion in just four years.

"AI Changes Everything," Oracle Chairman Larry Ellison said in a statement.

Oracle stock leaped 35.9% for its best day since 1992, even though it also reported results for the latest quarter that came up just shy of analysts' expectations.

Taiwan Semiconductor Manufacturing Co., which makes chips used in AI and other computing, saw its stock that trades in the United States climb 3.8% after it said its revenue jumped nearly 34% in August from a year earlier.

Klarna, the Swedish "buy now, pay later" financial services provider, leaped 14.6% in its first day as a publicly traded stock on the New York Stock Exchange.

Novo Nordisk's stock that trades in the United States added 0.1% after the company behind the Wegovy weight loss drug said it would cut 9,000 jobs to reduce costs, mostly in its home country of Denmark. It's been contending with more competition in the market to help obese people lose weight.

On the losing side of Wall Street was Apple, whose drop of 3.2% helped drag the Dow lower and was the heaviest single weight on

Synopsys, which helps customers design and engineer chips, fell 35.8% after reporting profit for the latest quarter that fell short of analysts' expectations.

All told, the S&P 500 rose 19.43 points to 6,532.04.