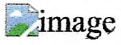


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Stocks Climb on Dip Buying, Expectations of Fed Rate Cut

BY HANNAH ERIN LANG AND ED BALLARD

Stocks rallied on Monday, with last week's worries about the economy giving way to broad dip-buying and rate-cut optimism.

All three major U.S. indexes rose more than 1%, with each notching its largest daily percentage gain since May. The rally was broadly based, encompassing everything from utilities to meme stocks.

Monday's market U-turn surprised some on Wall Street. Thomas Martin, senior portfolio manager at Globalt Investments, chalked it up to investors' ever-growing impulse to scoop up shares during even brief market dips.

"I thought we'd get a little bit more of a dip" before buyers came in, Martin said. "People are hesitant to wait too long."

The S&P 500 rose 1.5%, while the Nasdaq Composite Index rose 2%. The Dow Jones Industrial Average climbed 585 points, or 1.3%, after logging its worst weekly performance since April.

Stocks tumbled Friday after a monthly employment report depicted a weakening labor market.

That darkening economic backdrop, however, has bolstered hopes for interest-rate cuts from the Federal Reserve later this year.

After Friday's jobs report, investors increased bets that central bankers will cut rates

in September.

"From the market's point of view, this is going to spur the Fed into action," said Ross Mayfield, an investment strategist for Baird Private Wealth Management. "There is definitely clarity on which way things are moving now."

Shares of **American Eagle Outfitters** surged 24% after Trump posted on social media praising the retailer's ad campaign featuring actress Sydney Sweeney. **Opendoor Technologies**, another freshly minted meme stock, rose 17%. The re-emergence of such speculative bets has some investors watching for signs of a market bubble.

Utility-sector stocks were among those leading gains in the S&P 500: **Atmos Energy**

stock rose 2.3%, while shares of power provider **Vistra** logged a 2.9% gain.

Investors are still contending with ever-shifting headlines on the president's tariff plans. The new trade deadline looms Thursday, and the stage is set for last-minute negotiations between the White House and countries still hoping to negotiate lower duties.

Switzerland, stung with a surprise 39% tariff, said it was ready to make a more attractive offer to the U.S. The European Union said it would pause for six months the retaliatory levies it would have imposed on the U.S. if a deal hadn't been reached.

Traders will also parse earnings updates from companies including **McDonald's**, **Disney** and **Uber** later this week. About two-thirds of S& P 500 companies had reported quarterly results as of Friday. Of them, over 80% reported better-than-expected earnings per share, according to Fact-Set. *Note*

That number includes big tech names like Microsoft, Alphabet and Meta Platforms, which have helped lead stocks to multiple fresh records this summer.

"As long as the big tech and the AI trade has legs, the market is probably going to rally in the face of economic data that might suggest otherwise," Baird's Mayfield said.

MONDAY'S MARKETS

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