WALL STREET

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Markets hit record on interest rate hopes

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NEW YORK >> U.S. stocks rose to a record on Thursday as Wall Street made its final moves ahead of an update on the job market, one that could clear the way for the cuts to interest rates that investors love.

The S&P 500 added 0.8% to top the all-time high it set last week. The Dow Jones Industrial Average rose 350 points, or 0.8%, and the Nasdaq composite gained 1%.

Stocks got some lift from easing pressure from the bond market, where Treasury yields fell following the latest reports on the U.S. job market to come in worse than economists expected. One report suggested employers, not including the government, nearly halved their hiring in August from the prior month. Another said that more workers applied for unemployment benefits last week in an indication of rising layoffs.

Neither number is flashing a recession, and a third report on activity for businesses in the information and other services industries showed stronger-than-expected growth.

The upside for investors of a slowdown in the job market is that it could push the Federal Reserve to cut its main interest rate for the first time this year at its next meeting in a couple weeks. Such cuts can kickstart the economy and job market, though they can also accelerate inflation.

So far this year, the Fed has kept its main interest rate on hold because it's been more worried about inflation potentially worsening because of President Donald Trump's tariffs than about the job market.

"The year started with strong job growth, but that momentum has been whipsawed by uncertainty," according to Nela Richardson, chief economist at ADP.

A more comprehensive report on the job market's health during August will arrive on Friday from the U.S. Labor Department, and it will likely carry much weight with the Fed. Ahead of it, the yield on the 10-year Treasury fell to 4.16% from 4.22% late Wednesday.

Note

Last month's grim jobs report, which included massive downward revisions for June and May, sent financial markets spiraling and prompted Trump to fire the head of the agency that compiles the monthly data.

All told, the S&P 500 rose 53.82 points to 6,502.08. The Dow Jones Industrial Average climbed 350.06 to 45,621.29, and the Nasdaq composite rallied 209.97 to 21,707.69.