

WALL STREET

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Wall Street finishes lower as investors prepare for earnings season

US stocks ended a five-day winning streak to finish marginally in the red on Friday as concerns about the slowing of the Chinese economy and the continued shutdown of the US government dragged equities lower.

Gains for the week were fairly robust, with the Dow Jones Industrial Average up more than 2% and the Nasdaq up over 3% since Monday. But Wall Street reported sluggish momentum on Friday as investors braced for the arrival of the quarterly reporting period, which gets off the ground next week with the posting of results from JP Morgan, Citigroup and other US banks.

Still hanging over the markets in afternoon trading were worries over sluggish economic growth in China. In a note to investors, Goldman Sachs analyst Karen Holthouse predicted that Starbucks (NASDAQ:SBUX) would follow Apple (NASDAQ:AAPL) in delivering a warning about a slowdown in China sales.

In response, Goldman slashed its target on Starbucks to \$68 from \$75, according to published reports, pushing Starbucks shares down by 0.7% to \$63.73.

The partial closure of the US Federal government, which has lasted for 21 days, also put pressure on equities.

By the closing bell, the Dow Jones Industrial Average slipped 6 points to hit 23,995 while the tech-laden Nasdaq shed 15 points to 6,971.

The S&P 500 performed better and almost broke even, dipping by less than 1 point to 2,596.

In Canada, Toronto's TSX bucked the trend to end nearly 36 points higher at 14,939 while small-caps also pushed higher, with the Russell 2000 ending 2 points up at 1,447.

12:40 PM: US stocks slip on partial government shutdown, signs of slowing in China
US stocks edged lower Friday, snapping a five-day winning streak on concern that there was no end in sight to the partial government shutdown.

The 21-day impasse matched the record for the longest ever, and President Donald Trump said in a tweet that he would skip the World Economic Forum in Davos, Switzerland. Equities also declined on signs of an economic slowdown in China.

The Dow Jones Industrial Average fell 57.33 points, or 0.2%, to 23,944.59. The Nasdaq Composite was down 0.3% to 6,963.18.

Activision Blizzard Inc (NASDAQ:ATVI) was the biggest loser on the Nasdaq, dropping 10% to \$46.25 after the videogame company said rights to the Destiny franchise were going to Bungie.

The broader-based S&P 500 Index slipped 0.2% to 2,591.69, while the Russell 2000 Index of small-cap stocks slid 0.1% to 1,444.19.

The news was better in Canada, where the S&P/TSX Composite Index climbed 0.2% to 14,932.39.

Share Information

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A look at the US markets.

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10:30 am: Dow falls 194 points amid US government shutdown

Stocks came into the session riding a five-day winning streak but opened lower Friday as the US government shutdown dragged on. Deepening concerns over a possible slowdown in China also pressured equities.

On Thursday, President Donald Trump tweeted he would skip the annual World Economic Forum at Davos later this month due to the shutdown.

The Dow Jones Industrial Average shed nearly 194 points, or 0.81% to 23,807.26 led higher by trade-sensitive industrial stocks like Caterpillar and Boeing with exposure to the Chinese economy

Meanwhile, the S&P 500 opened lower by 0.48% to 2,584.14, weighed down by the energy sector.

The Nasdaq Composite index pulled back 30 points, or 0.43% to 6,955 led lower by Activision Blizzard which tumbled 11% after surprising many with news that rights to its Destiny franchise were going to developer partner Bungie. Starbucks and NetEase also weighed on the Nasdaq, falling nearly 3%.

Goldman Sachs analyst Karen Holthouse said Starbucks would be the next company to warn of a slowdown in China following Apple's recent revenue guidance cut.

Elsewhere, the Russell 2000 index of small-cap stocks fell 0.47% to 1,438.70.

7:15 am: Wall Street shares seen sliding at the open as US/China trade, Brexit still playing on the markets

Wall Street shares are pointing to a lower start on the last day of the trading week, after a higher close, while European benchmarks are mixed.

It comes as oil prices continue the good run, with crude futures up and traders consider reports that the US central bank could be deprived of important economic data on which to base its policy if the government shutdown continues.

The US government has been partially shut for 20 days because Congress and the White House have not been able to agree the budget.

Today is the 21st day of the government shutdown, - matching the record for the longest government shutdown in US history - tying in with the 21-day shutdown from December 1995 to January 1996 under President Bill Clinton.

Officials at Joshua Tree National Park say some of the iconic trees and landscape have been damaged by visitors and motorists during the government shutdown. <https://t.co/0V4PXLHd2j> pic.twitter.com/8R8dZYAdiv

— ABC News (@ABC) 11 January 2019

At Thursday's close, the Dow Jones Industrial Average closed up around 122 points at 24,001, while the tech-heavy Nasdaq added nearly 29 at 6,986.

The broader-based S&P 500 added over 11 points at 2,596.

In Toronto, the TSX added over 99 points to 14,903.

In futures trade, the Dow Jones is down 21 points; the Nasdaq futures are off 16, while the S&P 500 futures lost 4.5 points.

In Europe, stocks are mixed. The FTSE 100 is just keeping its head above water, up three points. The German DAX is down around 25 points and the French CAC 40 is off nearly 16.

Data on the UK economy was lacklustre, showing the economy grew by 0.3% in the three months to last November, less than the 0.4% in the three months to October, the Office for National Statistics (ONS) said. The pound is also rising on news of a possible Brexit date delay.

David Madden, analyst at CMC Markets, summed up: "Stock markets in Europe are mixed this morning as traders have yet to hear any further details about the US-China trade talks that concluded earlier in the week.

"European equity markets have enjoyed a good run in recent weeks, and now they appear to be taking a breather, and it feels like traders are waiting for fresh news in relation to the US-China situation before making their next move."

In Asia overnight, the Nikkei 225 added almost 196 points at 20,359, while the Shanghai Composite index gained nearly 19 at 2,553.

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