

S&P, Dow edge down after Fed decision; tech boosts Nasdaq

NEW YORK, Aug 1 (Reuters) - The S&P 500 and the Dow edged lower but technology stocks buoyed the Nasdaq on Wednesday after the Federal Reserve held interest rates steady but remained on course for an expected hike in September.

The central bank said the economy is growing and the job market is strengthening, and inflation has remained near its 2 percent target since it last raised rates in June.

"(The Fed) slightly tweaked the language on growth and inflation, but nothing that would suggest a real change in perspective there," said Katie Nixon, chief investment officer at Northern Trust Wealth Management in Chicago. "I think this leaves September very much on the table."

As technology stocks pulled the Nasdaq into positive territory and gave a boost to the S&P and the Dow, trade jitters persisted on news that Trump administration is considering higher tariffs on \$200 billion worth of Chinese imports, hiking the rate to 25 percent from 10 percent.

China called the move "blackmail" while saying it would respond in kind.

"We have an administration that does not understand trade economics. They just don't get it," said **Bernard Baumohl**, chief global economist at the **Economic Outlook Group** in Princeton, New Jersey.

"This clearly is not in the interest of the United States," **Baumohl** added. "It is going to really harm trade, it will raise inflation, which is going to force the Federal Reserve to lift interest rates even more."

Trade-sensitive stocks were down on the news, with the S&P 500 industrials index falling 1.3 percent.

The Dow Jones Industrial Average fell 75.01 points, or 0.3 percent, to 25,340.18, the S&P 500 lost 2.63 points, or 0.09 percent, to 2,813.66 and the Nasdaq Composite added 34.70 points, or 0.45 percent, to 7,706.49.

With second-quarter reporting season nearly two-thirds complete, analyst estimates for S&P 500 profit growth are now at 23.3 percent, up from 20.7 percent a month ago.

Apple Inc shares hit an all-time high after posting after-market results on Tuesday, beating estimates and forecasting better-than-expected sales on strong smartphone demand. The company is closing in on \$1 trillion in market value.

Financial stocks advanced after yields on benchmark 10-year Treasuries hit 3 percent for the first time since June 13.

Shares of electric automaker Tesla Inc edged up 0.1 percent ahead of its post-market earnings report.

The energy sector was pressured by a drop in crude prices on rising U.S. stocks and unexpectedly higher OPEC production.

Declining issues outnumbered advancing ones on the NYSE by a 2.08-to-1 ratio; on Nasdaq, a 1.14-to-1 ratio favored decliners.

The S&P 500 posted 14 new 52-week highs and 3 new lows; the Nasdaq Composite recorded 54 new highs and 82 new lows.

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