



US STOCKS-Wall St gains on U.S. government shutdown compromise

By Stephen Culp

NEW YORK, Jan 25 (Reuters) - Wall Street gained ground on Friday in a broad-based rally as investors were heartened by news that Washington would move to end the longest U.S. government shutdown in history.

All three major U.S. stock indexes advanced, with the Dow and the Nasdaq on track to eke out gains for the shortened holiday week. But the S&P 500 looked set to show its first weekly loss of the year, snapping a four-week run.

President Donald Trump said he and lawmakers agreed to advance a three-week stop-gap spending plan to reopen the government. This helped boost investor sentiment, which faltered in recent days in the face of revived jitters related to the shutdown and the prolonged U.S.-China tariff spat.

"Obviously the risk is on today," said **Bernard Baumohl, chief global economist at the Economic Outlook Group** in Princeton. "There seems to be light at the end of the tunnel with resolving the government shutdown."

"But I find it difficult to have much conviction in this market on an upswing when there's so much uncertainty both politically and economically about where this country is headed," **Baumohl** added.

Among these uncertainties, the ongoing trade dispute between the United States and China remains an overhang.

With the World Economic Forum in Davos, Switzerland nearing its conclusion, business leaders have expressed worries over the tariff battles, saying they are "fed up" with President Donald Trump's policies.

An escalation of the U.S.-China trade war would sharpen the global economic slowdown already under way, according to a Reuters poll of hundreds of economists worldwide.

Fourth-quarter corporate earnings season is in high gear, with more than 22 percent of S&P 500 companies having reported. Of those, 72.3 percent have beaten analyst expectations.

Earnings on Friday were a mixed bag.

Starbucks Corp also surpassed Street consensus, reporting better-than-anticipated quarterly sales. The coffee chain's shares were up 3.1 percent.

Consumer products company Colgate-Palmolive Co reported fourth-quarter revenue that surprised to the upside but said it expects profit to decline in 2019. Its stock edged down 0.7 percent.

Intel Corp shares dropped 5.7 percent following the chipmaker's disappointing fourth-quarter sales and current-quarter forecasts.

Still, the Philadelphia SE Semiconductor Index was up 2.3 percent in the wake of a spate of positive earnings from other chipmakers.

DR Horton Inc's quarterly results fell short of analyst expectations, underscoring persistent weakness in the U.S. housing market. The homebuilder's shares dropped 4.3 percent.

Western Digital Corp also disappointed, but its shares rose 6.9 percent after providing an upbeat forecast and saying it was committed to paying dividends.

The Dow Jones Industrial Average rose 177.55 points, or 0.72 percent, to 24,730.79, the S&P 500 gained 22.65 points, or 0.86 percent, to 2,664.98 and the Nasdaq Composite added 87.37 points, or 1.24 percent, to 7,160.83.

Advancing issues outnumbered declining ones on the NYSE by a 3.95-to-1 ratio; on Nasdaq, a 2.67-to-1 ratio favored advancers.

The S&P 500 posted 13 new 52-week highs and no new lows; the Nasdaq Composite recorded 28 new highs and 14 new lows. (Reporting by Stephen Culp Editing by Chizu Nomiya)