

# Wall Street turned red as weak GDP growth spread gloom about interest rate cut expectations

Wall Street stocks closed lower on April 25 as the market was stunned by data showing slower-than-expected US economic growth, accompanied by a sell-off in large-cap stocks due to disappointing results. Disappointment from Meta Platforms...



**Closing the session on April 25, the Dow Jones industrial average dropped 375.12 points (-0.98%) to 38,085.80 points, the S&P 500 lost 23.21 points (-0.46%) to 5,048.42 points and Nasdaq Composite slid 100.99 points (-0.64%) to 15,611.76 points.**

The communications sector, dragged down by Meta, posted the biggest decline among the 11 sectors in the S&P 500. Other categories that also lost ground included health care, real estate, financials, consumer goods and appliances. weakness and non-essential consumption.

Disappointing results from Meta, whose shares fell nearly 11%, also weighed on market sentiment. Three other Magnificent Seven stocks, including Alphabet, Amazon.com and Microsoft, also closed lower.

However, shares of Alphabet and Microsoft rose in extended trading after both companies reported quarterly results that beat Wall Street estimates.

Quarterly revenue and profit forecasts lower than market estimates pushed Intel shares down 8% in after-hours trading.

International Business Machines also lost 8% after announcing a \$6.4 billion deal to acquire HashiCorp along with first-quarter results, in which revenue missed estimates.

In other individual stock movements, Southwest Airlines lost nearly 7% as the airline changed its forecast for receiving new aircraft from Boeing this year.

Caterpillar slid 7% as it announced a cut to its second-quarter revenue forecast as demand for its construction equipment falters after last year's boom.

Meanwhile, rising gold prices helped Newmont, the world's largest bullion miner, report first-quarter profit that beat estimates. Newmont shares rose 12%.

Trading volume on US stock exchanges was 10.7 billion shares, lower than the average of 11.07 billion shares in the past 20 days.

New data released today (April 25) shows that the US economy in the first quarter of 2024 had the slowest growth rate in nearly two years. Specifically, the US economy grew only 1.6% in the first quarter, much slower than expected, while the core inflation measure unexpectedly jumped to 3.7%, dampening US hopes. The market believes that the US Federal Reserve (Fed) will start cutting interest rates.

According to LSEG, the market is betting on the possibility that the Fed may only cut 0.36 percentage points this year, much lower than the prediction of 1.5 percentage points made at the beginning of the year.

In addition, the number of Americans filing new unemployment claims also unexpectedly decreased last week, showing that labor market conditions remain tight. The March personal consumption expenditures (PCE) index, the Fed's preferred inflation measure, will be reported on April 26.

In the energy market, oil prices were relatively quiet on April 25 as concerns about supply disruptions were outweighed by questions about fuel demand after slower-than-expected US economic growth. .

Brent oil futures contracts increased 20 cents, equivalent to 0.2%, to 88.22 USD/barrel. US WTI oil price remained unchanged at 82.81 USD/barrel.

Concerns about US fuel demand arose in the context of the country's business activities showing signs of cooling down in April. In addition, stronger-than-expected employment and inflation data also meant that The Fed is likely to delay interest rate cuts.

'The current price movement is due to market sentiment refocusing on global economic headwinds due to geopolitical tensions,' said Emril Jamil, senior oil analyst at LSEG Oil Research.

However, oil supplies have not yet been affected and there have been no other signs of direct conflict between Israel and Iran, the third largest oil producer in OPEC, since last week.

In the cryptocurrency market, Bitcoin price is still hovering around \$64,000 as technology stocks continue to decline. At one point, Bitcoin lost more than 2.5% to \$63,240.

Since the beginning of the month, the world's most valuable cryptocurrency has dropped nearly 10%, mainly due to the decline of US technology stocks, affected by weak earnings reports from Meta and IBM.

Bitcoin sometimes tends to follow the movements of US technology stocks because both are considered high-return investments and are tied to future technological developments. Furthermore, Bitcoin and blockchain

technology have become more popular thanks to the involvement of major technology companies such as BlackRock, as well as the launch of Bitcoin ETFs.

Sagging sentiment has spread throughout the market, causing the global cryptocurrency market capitalization to drop 2.16% to \$2.35 trillion. Ether, the second-largest cryptocurrency by value, also fell 2.6%, hovering around \$3,100. Solana lost up to 6%, trading around 145 USD. Leading meme coin Dogecoin also lost 3.5% of its value, trading at \$0.14, according to CoinMarketCap.

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