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U.S. Stocks Dip as Federal Reserve Policy Meeting Looms, Tech Giants in Focus

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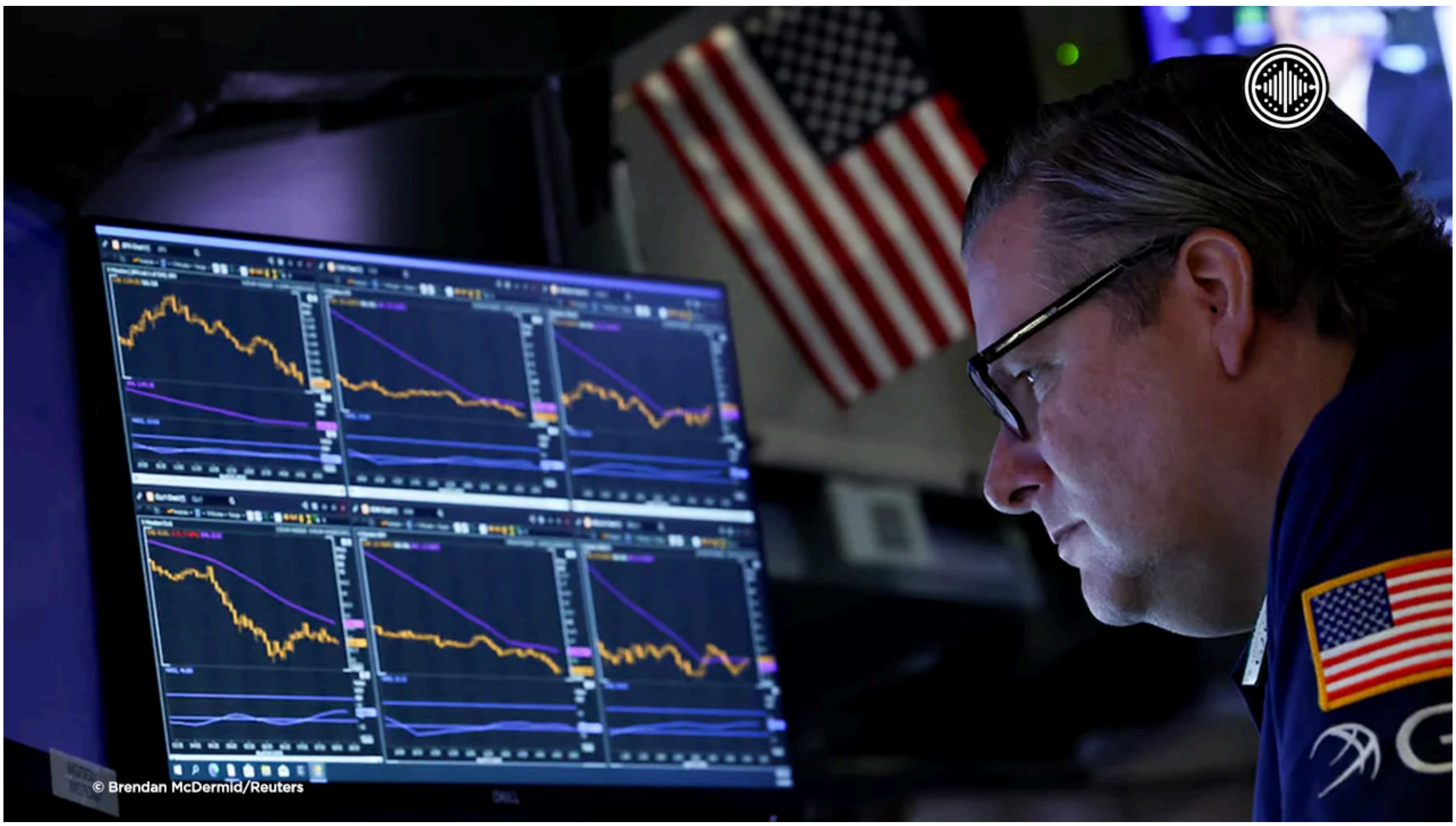

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U.S. stocks ended lower on July 29, retreating from early record highs as investors shifted focus to an eventful week that includes a Federal Reserve interest rate decision, corporate earnings from major technology firms, and the July jobs report.

The Standard & Poor's 500 (S&P 500) declined 0.3%, or 18.91 points, to close at 6,370.86, pulling back from its sixth consecutive record high close achieved just a day earlier. The

Nasdaq Composite, heavily weighted toward technology firms, dropped 0.38%, or 80.29 points, to 21,098.29. Meanwhile, the Dow Jones Industrial Average, comprised of 30 blue-chip companies, slipped 0.46%, or 204.57 points, to finish at 44,632.99. The 10-year U.S. Treasury yield fell slightly to 4.322%, reflecting modest demand for government bonds amid ongoing market uncertainties.

Investor caution dominated trading sessions despite strong momentum in recent months. The S&P 500 has surged nearly 28% since mid-April, marking the fastest recovery in over half a century. Yet this week presents a series of pivotal developments likely to determine whether that rally can continue. Chief Investment Officer Gene Goldman of Cetera Investment Management described it as a “make or break week,” highlighting three key challenges: earnings from leading tech companies, the Federal Reserve’s interest rate decision, and the July employment report.

Earnings results are expected from several influential technology companies, Meta Platforms (formerly Facebook), Microsoft, Amazon, and Apple. These firms, often referred to as part of the “Magnificent Seven,” have benefited from investor enthusiasm surrounding artificial intelligence (AI). Market participants are closely watching whether corporate spending on AI is continuing at the same pace, which has significantly boosted valuations in the sector.

The Federal Open Market Committee (FOMC) begins its meeting this week, with expectations that interest rates will be held steady. However, dissent is anticipated from at least two Federal Reserve Governors, Christopher Waller and Michelle Bowman, which would mark the first such internal disagreement since 1993. Paul Eitelman, Global Chief Investment Strategist at Russell Investments, projected that the next rate cut could come in September, depending on incoming economic data.

The July employment report, due later this week, is forecasted to show a slowdown in job creation. Analysts expect 102,000 new jobs, down from 147,000 in June, with a modest rise in the unemployment rate from 4.1% to 4.2%. Although fewer job openings were reported, fewer workers also quit their positions, suggesting some labor market stabilization. Consumer confidence exceeded expectations in July, and the June trade deficit narrowed unexpectedly, both signs of gradual economic firming, according to Comerica Bank Chief Economist Bill Adams.

On the trade front, the United States and the European Union reached an agreement over the weekend that includes billions in new EU investments in the U.S. and imposes a 15% tariff on most European goods entering the country. President Donald Trump warned that nations failing to secure a trade deal with the U.S. by August 1 could face global tariffs ranging between 15% and 20%. Treasury Secretary Scott Bessent also continued discussions with Chinese Vice Premier He Lifen in Stockholm, with reports suggesting a possible extension of the trade deal deadline.

In corporate news, Union Pacific Corporation announced an $85 billion cash-and-stock deal to acquire Norfolk Southern Corporation, aiming to create the first coast-to-coast freight rail network in the United States. Norfolk Southern shareholders will receive one Union Pacific share and $88.82 in cash for each of their shares. While the companies hope to finalize the deal by early 2027, analysts such as Justin Bergner of Gabelli Funds expect a lengthy and challenging regulatory review.

In the energy sector, Baker Hughes reached an agreement to acquire Chart Industries Inc. for $9.6 billion in cash, to expand into areas such as liquefied natural gas (LNG) and nuclear technology. Chart shareholders will receive $210 per share, effectively ending Chart's previous merger plans with Flowserve Corporation. Baker Hughes shares fell 1.72%, while Chart stock rose 15.82%, and Flowserve gained 2.44%.

Separately, JPMorgan Chase is reportedly in advanced talks to take over Apple's credit card program, which is currently operated by Goldman Sachs and has about $20 billion in outstanding balances. According to the Wall Street Journal, the potential deal would mark a significant shift in Apple's financial services strategy. Apple shares fell 1.3%, JPMorgan edged slightly lower, and Goldman Sachs gained 1.15%.

In the tech sector, cybersecurity company Palo Alto Networks is in negotiations to acquire CyberArk Software, in what could become one of the year's largest technology acquisitions. Shares of Palo Alto Networks declined by 5.21%, while CyberArk shares jumped 13.47% following the report.

Despite the market pullback, analysts like Thomas Mathews, head of markets for Asia Pacific at Capital Economics, remain optimistic. In a client note, Mathews suggested the S&P 500 could reach 7,000 sooner than anticipated, driven by AI optimism and easing trade tensions. Whether that target materializes will likely depend on how the current week's developments unfold.