

DOW JONES

0.4% to 24,456.48

NASDAQ

1.3% to 7,688.39

S&P 500

0.8% to 2,759.82

10-Year Treasury Note

0.01 to 2.8% yield

30-Year Bond

0.02 to 2.9% yield

Gold

\$3.00 to \$1,255.80 troy ounce

Crude Oil

\$0.86 to \$73.80 barrel

**MARKETS SNAP UP
DESPITE TRADE TIFF**

The trade dispute between the United States and China escalated Friday, but Wall Street focused on a solid jobs report instead. After a wobbly start, U.S. stocks mounted a broad rally, shaking off two consecutive weekly losses.

Mounting jitters in recent weeks over a stepped-up trading dispute between the world's two largest economies had weighed on the markets well ahead of Friday, when Beijing and Washington launched dueling tariffs on billions in goods.

"The markets had already sold off the prior two weeks," said Dan Heckman, national investment consultant at U.S. Bank Wealth Management. "The market probably had built that expectation in already, and today we're seeing a nice rebound."

A solid pickup in hiring by U.S. employers last month also helped keep investors in a buying mood.

The S&P 500 index rose 0.8 percent to 2,759.82. The Dow Jones industrial average gained 99.74 points to finish at 24,456.48. The Nasdaq composite ended up 1.3 percent to 7,688.39. The Russell 2000 index of smaller-company stocks picked rose 0.9 percent to 1,694.05. — AP

Get business updates and sign up for the daily business newsletter.

newsday.com/biz

Breach-of-contract suit

CPI Aero sues Air Industries after sale falls through

BY KEN SCHACHTER
kenneth.schachter@newsday.com

CPI Aerostructures Inc. has filed a lawsuit against another Long Island aerospace manufacturer, charging that it breached a contract to sell a subsidiary.

CPI Aero is seeking at least \$5 million in damages plus expenses.

The lawsuit, filed Thursday in State Supreme Court in Manhattan, charges that Hauppauge-based Air Industries Group failed to abide by a contract to sell its Welding Metallurgy Inc. subsidiary to CPI Aero.

The complaint seeks an order directing Air Industries to "perform all of their respective obligations under the agreement."

The \$9 million deal to sell Welding Metallurgy, announced in March, had been expected to close in the second quarter of 2018.

In the lawsuit, CPI Aero said the failure of Air Industries to abide by the contract caused it "irreparable damage." CPI Aero had said it planned to move



CPI Aerostructures, which makes aircraft parts in Edgewood, is seeking \$5 million in damages.

Hauppauge-based Welding Metallurgy to its 171,000-square-foot facility in Edgewood.

In a news release issued late Thursday announcing the lawsuit, CPI Aero chief executive Douglas McCrosson said Air Industries rebuffed his company's offer "to devote significant resources to remediate Air Industries' failure to provide inventory data" needed to prepare financial statements to close the deal.

Luciano "Lou" Melluzzo, CEO of Air Industries, said in

an interview Friday that CPI Aero filed the lawsuit as "a formality for their shareholders."

Melluzzo said his company complied with the terms of the contract, but that CPI Aero abruptly halted its efforts to acquire Welding Metallurgy.

"We provided everything they asked for," Melluzzo said. "They dropped their pencils about three weeks" before the deal was scheduled to conclude.

Melluzzo said the uncertainty surrounding the transaction caused some workers at Welding Metallurgy to leave

the company, prompting Air Industries to back off the deal after the termination date of June 19 had passed.

Welding Metallurgy is down to about 59 workers from about 70 when the deal was announced, he said.

Melluzzo said the company was still formulating a response to the lawsuit. "We're still talking to legal," he said. "We're prepared to do what we have to do."

Shares of CPI Aero rose 20 cents Friday to close at \$9.80, while stock in Air Industries fell 10 cents to \$1.50.

U.S. trade deficit drops 6.6% to \$43.1B in May

BY MARTIN CRUTSINGER
The Associated Press

The U.S. trade deficit dropped in May to the lowest level in 19 months as U.S. exports rose to a record level. But the trade gap between the United States and China increased sharply, underscoring the economic tensions between the world's two biggest economies.

The Commerce Department said Friday that the May trade deficit — the difference between what America sells and what it buys in foreign markets — fell 6.6 percent to \$43.1 billion. It was the smallest imbalance since October 2016.

Exports climbed 1.9 percent to a record \$215.3 billion. Imports were up a smaller 0.4 percent to \$258.4 billion.



Container ships are unloaded in Oakland, Calif., this week. Bucking the overall trend, the U.S. deficit just with China rose 18.7 percent.

The United States imposed penalty tariffs on \$34 billion in Chinese goods Friday. China retaliated in kind, starting what Beijing called the "biggest trade war in economic history."

For May, America's deficit in goods with China rose 18.7 percent to \$33.2 billion. So far

this year the deficit totals \$152.2 billion, up 9.9 percent from the same period a year ago. America's deficit with China is the largest imbalance with any country.

During the 2016 presidential campaign, President Donald Trump repeatedly attacked

America's trade deficits, contending they were the result of inept U.S. negotiators striking bad deals. He pledged to correct that situation if elected and since taking office he has tried in a number of ways to force China and other U.S. trading partners to alter trade arrangements to boost U.S. export sales.

The penalty tariffs that the United States imposed Friday on China are part of an effort to confront Beijing over development tactics the administration contends include stealing or pressuring foreign companies to hand over technology.

The U.S. trade report said that the rise in American exports to an all-time high included a near doubling in exports of soybeans, apparently an effort by farmers to get shipments to China before the tariffs took effect.

JEREMY BALES

newsday.com NEWSDAY, SATURDAY, JULY 7, 2018