

MarketWatch

UPDATE: U.S. stocks post second day of gains as energy sector rallies

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Visa, Chevron, Exxon power Dow higher

U.S. stocks finished higher Tuesday, shrugging off lackluster corporate results to extend gains for a second session in a row, as energy shares helped prop up the main indexes.

Record-setting car sales helped buoy market sentiment as low gas prices drove demand for automobiles, said Uri Landesman, president of Platinum Partners hedge fund.

Read: Biotech, small caps may determine whether stock rally is legitimate

(<http://www.marketwatch.com/story/how-biotech-small-caps-may-determine-if-this-stock-market-rally-is-legit-2015-11-03>)

The Dow Jones Industrial Average rose 89.39 points, or 0.5%, to close at 17,918.15, with advances in Visa Inc. (V), Chevron Corp. (CVX), and Exxon Mobil Corp. (XOM) underpinning the climb.

The Nasdaq Composite shook off earlier weakness to add 17.98 points, or 0.4%, to finish at 5,145.13.

(<http://w.graphiq.com/w/aLWtMDVbSip>)

Meanwhile, the S&P 500 edged up 5.74 points, or 0.3%, to close at 2,109.79, with the broad stock-market index seeing its best gains in the energy sector, which rose 2.5%.

Energy, the worst performing sector year-to-date, is benefiting from fresh buying in the battered sector, according to Sal Arnuk, co-head of equity trading at Themis Trading.

Arnuk said there is more upside potential for the stock market as companies prepare to launch stock buybacks once earnings are out of the way.

Still, some analysts remain cautious about the resilience of the current uptrend.

"I'm not really sure what has changed over the last 31 days to justify this run aside from the more dovish expectations for the Fed, so I'll point out again that several indicators I follow are extremely overbought at the moment and the risk level remains elevated for some sort of short-term pullback," said Andrew Adams, chief market technician at Raymond James.

Platinum's Landesman said with the indexes near break-even for the year, bulls and bears are likely to jockey for dominance. "I think the bears have the ammo advantage."

Stocks in focus: Energy companies were among the top gainers on the S&P 500. Diamond Offshore Drilling Inc.(DO) jumped 6.3% and Pioneer Natural Resources Co.(PXD) climbed 6.6%.

(<http://w.graphiq.com/w/aLWtMDVbSip>)

Shares of Activision Blizzard Inc.(ATVI) rose 3.6% after the videogame company late Monday said it is buying (<http://www.marketwatch.com/story/activision-blizzard-to-buy-king-digital-in-deal-worth-34-billion-plus-debt-2015-11-03>)King Digital Entertainment PLC(KING)--maker of the popular "Candy Crush Saga" game--for \$3.4 billion in cash plus debt. King shares surged 15%.

Shares of Archer Daniels Midland Co.(ADM) were down 6.8% after the company reported profit that fell short (<http://www.marketwatch.com/story/archer-daniels-profit-and-revenue-falls-short-of-estimates-2015-11-03>) of estimates.

Kellogg Co.(K) shares fell 3.6% after third-quarter revenues missed estimates (<http://www.marketwatch.com/story/kellogg-shares-down-33-in-pre-market-after-third-quarter-sales-miss-2015-11-03>).

Sprint Corp. (S) shares sank 7% after the telecoms company reported a wider loss (<http://www.marketwatch.com/story/sprints-stock-falls-after-wider-than-expected-loss-surprise-sales-decline-2015-11-03>) than expected.

Heading in the other direction, American Eagle Outfitters Inc.(AEO) shares gained 7.9% after the teen retailer raised its earnings forecast after same-store sales climbed (<http://www.marketwatch.com/story/american-eagles-same-store-sales-climb-9-2015-11-03>) in its latest quarter.

Data: Monthly auto sales rose by double digits to a 10-year high in October as consumers opted to buy larger cars on lower gasoline prices.

Ford Motor Co.(F) shares were up 0.4% and General Motors Co.(GM) shares rose 0.6%. Fiat Chrysler Automobiles NV on Tuesday posted a 15% leap in (<http://www.marketwatch.com/story/chryslers-us-sales-jump-15-in-october-2015-11-03-8485824>) U.S. auto sales, propelled by the month having five weekends and strong demand for the auto maker's Jeep brand.

The auto-sales releases come ahead of the closely watched nonfarm-payrolls number on Friday, which could determine the case for the Federal Reserve's plan to raise interest rates in December. The probability of a December rate hike is 52%, according to the CME Group's FedWatch tool (<http://www.cmegroup.com/trading/interest-rates/countdown-to-fomc.html>).

Other markets: Asian markets closed mostly higher (<http://www.marketwatch.com/storyno-meta-for-guid>), taking a cue from Monday's strong U.S. session.

Europe finished mostly higher (<http://www.marketwatch.com/storyno-meta-for-guid>) ahead of a closely watched speech by European Central Bank President Mario Draghi. The ECB boss reiterated that policy makers are ready to act on low-inflation risks if necessary, a signal that additional monetary stimulus could be on the way.

Crude oil moved higher (<http://www.marketwatch.com/storyno-meta-for-guid>), while gold lost ground (<http://www.marketwatch.com/story/gold-nudges-lower-as-hopes-rise-for-a-fed-rate-hike-2015-11-03>). The dollar firmed against most other major currencies.

--Sara Sjolín contributed to this article.