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U.S. Stocks Fluctuate After Opening-Day Rout, Oil Resumes Slide

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U.S. stocks staged an afternoon rally in a bid to rebound from their worst start to a year since 2001 following Chinese intervention to stabilize its financial markets. The euro slumped to its lowest in a month and oil fell below $36 a barrel in New York.

The Standard & Poor's 500 Index erased a loss of 0.4 percent as health-care and consumer-staples shares rallied. Apple Inc., the world's most valuable company, trimmed a 2.8 percent drop sparked by a report the company may cut production of an iPhone model. Emerging-market shares were little changed. Disinflation in Europe sent the euro lower versus the dollar for a fourth day.

"What people are looking at are the big three -- global growth, especially Chinese growth, the impact of energy and a Fed that's now in play," Stephen Wood, who helps manage $237 billion as chief market strategist for North America at Russell Investments in New York, said by phone. "In a volatile environment like this we're seeing markets being slightly positive, but not very, for this year. Doing your homework becomes more important than in any other environment."

Chinese government funds propped up share prices Tuesday, according to people familiar with the matter, stabilizing the nation's markets after a 7 percent rout sparked by slowing manufacturing growth. The move eased concern that weakness in the world's second-largest economy will hamper global growth. Crude's decline added to worries that disinflation in Europe will worsen at the same time the Federal Reserve tightens U.S. monetary policy.

Stocks

The S&P 500 rose 0.3 percent at 2:53 p.m. in New York. The Dow Jones Industrial Average climbed 0.1 percent. Apple slid 2.1 percent after Japan's Nikkei Asian Review reported the U.S. company would reduce the output of its latest iPhones by about 30 percent in the first quarter of 2016. Energy shares erased a loss of 1.2 percent.

Investors sought bargains in Europe and America after the S&P 500 plunged 1.5 percent Monday, while Europe's benchmark index had its worst-ever inaugural session. Bank and technology shares that bore the brunt of selling yesterday were little changed Tuesday.

"Overall yesterday wasn't too bad and may have even been an overreaction," **Mark Kepner**, an equity trader at **Themis Trading LLC** in Chatham, New Jersey, said by phone. "We've been through this before with China -- they're in the process of changing their economy, you're going to have ups and downs with that and it's going to keep happening."

The Stoxx Europe 600 Index rose 0.6 percent. Basic resources producers surged 1.8 percent to pace gains. Germany's DAX Index rose 0.3 percent after its slide Monday that was the biggest since a summer rout triggered by China's devaluation of the yuan.

Commodities

Oil dropped to a two-week low on speculation that a government report will show U.S. crude inventories climbed. West Texas Intermediate for February delivery fell 2.5 percent to $35.86 a barrel in New York.

Oil capped the biggest two-year loss on record in 2015 as ample U.S. stockpiles sustained a supply glut and the Organization of Petroleum Exporting Countries effectively abandoned production limits.

Gold advanced a second day at the start of a month that's been the strongest for the metal in recent years. Bullion rose on Tuesday as Middle East tensions and a selloff in global stock markets spurred haven demand.

The LME Index of six base metals sank the most since Sept. 22 on Monday after data showed weaker factory activity in both China and the U.S., the world's two biggest metals consumers.

Emerging Markets

The MSCI Emerging Markets Index was little changed after closing on Monday at a six-year low, even as benchmark stock gauges in South Korea, Indonesia and Malaysia gained at least 0.6 percent.

Brazil stocks rose for the first time in almost two weeks as valuations tumbled after the Ibovespa hit a six-year low on Monday.

Currencies

The yen was the best performing Group-of-10 currency, while the euro dropped as data showed euro-area inflation was weaker than economists predicted in December, when the European Central Bank stepped up its stimulus program. The 19-member common currency declined 0.7 percent to $1.0755, falling again most major peers.

Argentina's peso tumbled the most since President Mauricio Macri allowed the currency to float freely as a slowdown in grain sales trimmed dollar flows into the country just as importers' demand for foreign currency picked up.

Bonds

Yields on 10-year Treasury notes were little changed at 2.24 percent. BlackRock, the world's largest asset manager, warned bonds will "struggle" this year as the Fed raises interest rates.

"We also expect bonds to continue to struggle as interest rates drift higher on the back of Federal Reserve tightening and some stabilization in inflation expectations," Russ Koesterich, global chief investment strategist for New York-based BlackRock, wrote in a report Monday. The company has $4.5 trillion in assets.