

# MarketWatch

## Wall Street stocks under early pressure as fear trumps greed

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Energy shares rise thanks to pick up in oil

U.S. stocks shrugged off early gains to quickly turn lower Thursday morning, a day after major indexes suffered the biggest losses in three months.

The S&P 500 SPX, +0.26% was down 6 points, or 0.3%, at 1,883. The Dow Jones Industrial Average DJIA, +0.26% was off 44 points, or 0.3%, to 16,110. Meanwhile, the Nasdaq Composite COMP, +0.05% declined 37 points, or 0.8%, to 4,490.

Crude-oil prices CLG6, +1.28% attempted to stabilize on Thursday, following precipitous falls over, but that modest positive appeared to do little quell selling.

**"Protracted selloffs like the one on Wednesday are scary and it looks very similar to the drop in August," said Joseph Saluzzi, partner and co-head of equity trading at Themis Trading.**

**"We are watching the 1,850 level on the S&P 500, which was the bottom in August. If we breach that level, there will be a lot more pain," Saluzzi warned.**

On Wednesday, the S&P 500 index SPX, +0.26% closed down 48.40 points, or 2.5% to 1,890.28, while the Dow industrials DJIA, +0.26% slid 364.81 points, or 2.2%, to 16,151.41, both stumbling to their lowest levels since Sept. 29, 2015. It was even worse for the Nasdaq Composite COMP, +0.05% which slumped 159.85 points, or 3.4%, to 4,526.06.

A loss of faith in Beijing's economic leadership is driving down Chinese and global markets.

"A lot of recent data has emphasized that the bottom has not quite fallen out of the global economy, but a negative feedback loop of self-perpetuating fear seems to have gripped global markets," said Angus Nicholson, Melbourne-based analyst at IG. He added that in this type of situation, it's "futile" to use the argument that fundamental factors are OK to push back against markets that aren't rational.

Calls that the S&P 500 will fall 75% from its recent high—a prediction made by Société Générale's bearish global strategist Albert Edwards on Wednesday—shouldn't be used as a base case, but caution may be a prudent course right now, Nicholson said.

"Trimming back position size, increasing cash holdings, tightening stop losses, putting some money into gold, hedging portfolio positions through put options or index shorts are all valid actions in the event that markets continue this slide," he said.

Read: Why it's wrong to sell everything when markets fall

Data: There is just a smattering of data on the calendar. The average number of people who applied for jobless benefits in the past month climbed in early 2016 to the highest level since last July, fresh government figures show. The weekly claims figure also rose.

St. Louis Federal Reserve President James Bullard will give a speech on economy and monetary policy later in the day.

Read: Sell everything? This economist says that is nuts—and will bet \$7,000 on it

Stocks to watch: J.P. Morgan JPM, +1.66% posted a fourth-quarter profit of \$1.32 a share on revenue of \$23.75 billion, beating expectations on both fronts. Shares rose 1.8% in premarket trading.

Best Buy BBY, -8.87% shares tanked 10% premarket as the retailer lowered its sales outlook for the current quarter after weak mobile-phone sales hurt holiday results.

Intel Corp. INTC, +0.74% will report after the market closes. See: What to watch for in Intel earnings

Shares of GoPro Inc. GPRO, -17.97% slid 26% in premarket trading on the heels of sharp late-trading losses Wednesday. The company shocked markets with a fourth-quarter revenue shortfall and jobs-cut announcement.

Read: After Hero4 bust, GoPro's hopes rest on drones and virtual reality

Goldman Sachs Group Inc. GS, -0.06% plans to ax up to 10% of its fixed-income traders and salespeople later this year, The Wall Street Journal reported, citing sources.

Other markets: Despite gains for stock futures, European stocks were lurching toward a one-year low, with the Stoxx Europe 600 index SXXP, -2.39% dropping 2%. In Asia, the Shanghai Composite SHCOMP, +1.97% rebounded from a 2.8% plunge earlier in the session to close up 2%, but the Nikkei 225 index NIK, -2.68% slid 2.7%. The dollar USDJPY, +0.00% regained some of its footing against the yen, and gold prices GCG6, +0.01% moved lower.