

MarketWatch

S&P 500, Dow end slightly higher as oil rout resumes

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Bank of America shares close at lowest level in over 2 years



Getty Images
Delta shares saw turbulence after earnings

U.S. stocks finished mostly higher on Tuesday, as the S&P 500 and Dow industrials managed to hold on to minor gains amid a renewed rout in oil prices that took the wind out of an early rally.

The S&P 500 SPX, -0.28% closed up 1 point, or less than 0.1%, at 1,881.33. The Dow Jones Industrial Average DJIA, -0.17% gave up most of a nearly 200-point gain to close 27.94 points higher, or 0.2%, at 16,016.02. The Nasdaq Composite COMP, -0.54% closed down 11.47 points, or 0.3%, at 4,476.95.

Safety plays like utilities and consumer staples led the S&P 500 gainers, up 1.5% and 1.2% respectively, while energy and materials were the worst performers, as oil prices US:CLG6 turned south. The energy sector closed down 2.2% on the day and has slumped more than 10.7% since the beginning of the year.

Tuesday's fleeting rebound in stocks after a brutal two-week start to the year came as analysts said a report on a slowdown in Chinese economic growth both spurred stimulus hopes and comforted investors who had feared worse.

But tumbling oil prices pulled the main indexes briefly into negative territory in the afternoon, as the market reacted to confirmation over the weekend that sanctions on Iran were lifted, potentially further saturating the crude-oil market.

Also read: [Why crude oil and stocks keep plunging together](#)

Meanwhile, declining earnings continued to weigh on investor sentiment, as aggregate earnings per share for the S&P 500 in the fourth quarter were estimated to drop 5.99% year-over-year, for the second quarterly decline in a row, S&P Capital IQ said on Tuesday.

Read more: [Woeful earnings threaten to intensify stock-market bloodbath](#)

"We are in no-man's-land. There is not a conviction we will bounce significantly, despite being at oversold levels. Oil being at this level plays a big part," said **Sal Arnuk**, co-head of equity trading at **Themis Trading**.

U.S. investors, returning from a three-day weekend, were debating the support level that will indicate whether this latest correction in the stock market will become a bear market, generally defined as a 20% decline from a previous peak. A few analysts were pointing to the S&P 500 Aug. 25 closing low of 1867.61 as the make-or-break level. On Tuesday the index briefly fell to a session low of 1,864.60.

"Anyone that looks at a long-term chart could see three support zones [for the S&P 500]," said Frank Cappelleri, technical analyst at Instinet. Those are the S&P 500 August 2015 low of 1,867.61, its October 2014 low of 1,862.49, and the multiyear trend line that points to the same zone, according to Cappelleri.

Conversely, in oil prices "no matter what time frame you look at, it's pretty clear that it's in a distinct downtrend and there is no reason to try bottom-fishing yet," Cappelleri added.

The S&P SPX, -0.28% and Dow DJIA, -0.17% have skidded 8% and 8.1% respectively, so far this year, suffering their worst 10 trading days at the beginning of a year ever. On Monday, U.S. stock exchanges were closed for the Martin Luther King Jr. holiday.

Economic news: China's government said the nation's growth rate moderated to 6.8% for the fourth quarter and 6.9% for 2015. The annual pace was the weakest in 25 years, and the quarterly level fell short of expectations. But analysts said investors now hope Beijing will ramp up stimulus and noted that Chinese markets have already sold off sharply this year.

China's growth is slowest in 25 years

(1:32)

If any other major economy grew by nearly 7% a year, it would be seen as a triumph. In China, it is being seen as more evidence of deep problems.

Read: Perma-bear Marc Faber says China growth is just 4%

In the U.S., a gauge of home builder sentiment remained steady in January. The index is down from a 10-year high of in October, but still higher than the overall 2015 average.

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Other markets: Asian markets closed higher, as China's Shanghai Composite SHCOMP, -3.23% finished up 3.2% and scored its first back-to-back session rises this year. European stocks SXXP, +1.21% rose by the most in three weeks. Gold futures GCG6, -0.88% inched higher, while a key dollar index DXY, +0.39% inched up on hopes of more economic stimulus from China.

Treasury yields TMUBMUSD10Y, -0.53% were lower.

Individual movers: Tiffany & Co. TIF, -0.20% slumped 5.1% after the jewelry retailer posted a holiday-period sales decline and cut its outlook.

Twitter Inc. shares TWTR, -1.35% dropped 7% after the social network struggled with a service outage early Tuesday.

UnitedHealth Group Inc. UNH, -0.98% gained 3%, after the health insurer's adjusted fourth-quarter earnings beat views.

Morgan Stanley MS, -0.59% fell 1.1%, relinquishing an earlier advance after the bank's quarterly profit topped expectations. Rival Bank of America Corp. BAC, -0.22% shares fell 1.5% to a more than two-year low, reversing earlier gains of as much as 2.3%, after the banking giant missed fourth-quarter revenue expectations.

Delta Air Lines Inc. DAL, +0.26% initially dropped in premarket trade after the carrier's profit and revenue missed expectations, but shares closed 3.3% higher.

Amazon.com Inc. AMZN, -0.02% shares closed 0.8% higher flat after rising as much as 1.6% following a report by the U.K.'s Daily Mail that "Amazon may be about to deliver a tie-up with Ocado," a British online supermarket.

Johnson & Johnson JNJ, -1.27% gained 0.5% after the health-care company said it would cut 6% of the workforce for its medical-devices business.

Apple Inc. AAPL, -1.64% tech rivals like Samsung Electronics Co. 005930, -0.62% and car makers are facing accusations from Amnesty International that their batteries could contain cobalt mined by child laborers. The report said the cobalt is mined by children as young as seven in the Democratic Republic of the Congo, a Verge article said.

Netflix Inc. NFLX, -4.56% and IBM Corp. IBM, -0.40% were due to post quarterly results after the close.