

Marketwatch

MARKET SNAPSHOT: Stocks Fight For Purchase As September Gets Off To Choppy Start

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September historically S&P's worst month; Wal-Mart set to cut thousands of jobs, says WSJ

U.S. stocks on Thursday erased the worst of an early slide to trade near break-even in choppy action, as investors made tepid purchases of technology and consumer-discretionary shares ahead of a much-anticipated employment report on Friday.

Trading got off to a bumpy start for September amid a weak manufacturing report, and as a report on energy inventories reignited supply worries. The data weighed on banks and energy stocks.

Most recently, the S&P 500 index was trading off 2 points, or 0.1%, at 2,169, with six of its 10 sectors trading in the red. A rise in the consumer-discretionary sector, led by a climb in Wynn Resorts Ltd. (WYNN) and gains in tech helped to limit losses.

The Dow Jones Industrial Average was flat at 18,400, with a 1.2% rise in Nike Inc.(NKE) and Wal-Mart Stores Inc.(WMT) partially offsetting a drop in American Express Co.(AXP).

Wal-Mart shares were up 1.6% after a report from The Wall Street Journal said (<http://www.marketwatch.com/story/wal-mart-eliminating-7000-back-office-store-positions-2016-09-01>)the retail giant was planning to eliminate 7,000 jobs.

Benefiting from the rebound in tech, Nasdaq Composite Index gained 10 points, or 0.3%, at 5,226.

"It doesn't take much to move the market when you get low volumes like today," said **Mark Kepner**, managing director of sales and trading at **Themis Trading**, referring to the seasonally thin trading ahead of the Labor Day holiday.

Stocks took a decided step lower Thursday after a key data point: The Institute for Supply Management manufacturing index in August fell to 49.4% from 52.6% last month. A reading below 50% signals contraction.

A similar gauge, the Markit manufacturing purchasing managers index, fell to 52 from 52.9% in July.

And a report from the U.S. Energy Information Administration accelerated the downtrend, indicating that supplies of natural gas rose 51 billion cubic feet for the week ended Aug. 26, adding to worries about growing fossil-fuel inventories.

The data are particularly significant ahead of the nonfarm-payrolls report, which is expected to give the U.S. central bank a key point to help to determine the path for rates. The nonfarm-payrolls report, due Friday at 8:30 a.m. Eastern Time.

Investors on Thursday were trying to assess rate-hike prospects as the weakness in manufacturing potentially gives the Federal Reserve reason to pause in its plan to raise interest rates in the next three months. Expectations for a rate increase ratcheted higher last week after comments from Fed

Chairwoman Janet Yellen and the Fed's No. 2 Stanley Fischer said the central bank aimed to lift benchmark rates sooner than later. Fischer implied that two rate increases might be in the cards in the near term (<http://www.marketwatch.com/story/feds-fischer-on-rates-cant-say-one-and-done-2016-08-30>).

The idea of lower rates for longer hurt the shares of financial institutions, which have enjoyed a modest rise over the past week, as investors have shifted their expectations for a rate increase--a boon for bank profits.

Stocks have prospered in an environment of accommodative monetary policy so news that suggest the Fed might hold off on a hike has tended to be supportive of rallies. But Kepner said Thursday's move coming a day before an important report on employment may mean that investors had "warmed to the idea of a hike" and might be a little surprised by the contraction in manufacturing.

Some analysts and investors said the market might be reluctant to take too bearish or too bullish a stance ahead of Friday's jobs report.

"The market is on a daily basis is trying to figure out what it wants to do and it seems like we are still trying to figure that out," said Randy Frederick, managing director of trading and derivatives at Schwab Center for Financial Research.

Steve Chiavarone, associate portfolio manager at Federated Global Allocation Fund, said "manufacturing under 50 certainly isn't supportive of tighter policy," but warned that he wouldn't read too much into the data until the jobs report comes out.

"I wouldn't go crazy about [the manufacturing reports] right now," he said.

Manufacturing data follow a reading on labor and productivity that were mixed.

The number of Americans applying for unemployment benefits last week stayed near prerecession lows, rising about 2,000 to 263,000 (<http://www.marketwatch.com/story/jobless-claims-stay-low-at-263000-2016-09-01>), while a gauge of worker productivity fell 0.6% in the second quarter (<http://www.marketwatch.com/story/us-productivity-falls-sharper-06-in-second-quarter-2016-09-01>) instead of 0.5%, revised government figures show, according to the Labor Department said Thursday.

On Wednesday, the S&P 500 closed 0.2% lower for the session (<http://www.marketwatch.com/story/interest-rate-chatter-keeps-us-stock-futures-in-check-2016-08-31>) and down 0.1% for August, while the Dow industrials shed 0.3% and lost 0.2% for the month. The S&P ended a five-month winning streak, and the blue-chip gauge halted a six-month advance.

The S&P has dropped in September 57% of the time, and it is the month with the weakest average performance, said Sam Stovall, U.S. equity strategist at S&P Global Market Intelligence, in a note.

"Monthly price declines and frequencies of negative returns were even greater during presidential election years without an incumbent candidate," Stovall warned.

Read more: September is the worst month for U.S. stocks, and no one knows why (<http://www.marketwatch.com/story/september-is-the-worst-month-for-us-stocks-and-no-one-knows-why-2016-08-30>)

Economic news: A report on construction spending was flat in July and estimates for earlier months were cut, the Commerce Department said.

Check out:

Other markets:European stocks (<http://www.marketwatch.com/story/european-stocks-step-higher-as-banks-miners-are-lifted-up-2016-09-01>) barely ended in the green, helped by miners advancing after encouraging readings on China's economy. Asian markets closed mixed (<http://www.telegraph.co.uk/news/2016/09/01/candidates-miss-out-on-financial-jobs-because-they-wear-brown-sh/>), while oil futures traded lower (<http://www.marketwatch.com/story/oil-prices-inch-up-boosted-by-weaker-dollar-2016-09-01>) after moving up on a bearish inventory report. Gold futures turned higher after a key dollar index reversed course to head lower (<http://www.marketwatch.com/story/dollar-pulls-back-may-have-already-touched-bottom-2016-09-01>).

Individual movers: Shares in Salesforce.com Inc.(CRM) fell after the maker of software for customer relationship management late Wednesday gave lower-than-expected guidance (<http://www.marketwatch.com/story/salesforce-beats-earnings-expectations-but-shares-fall-on-light-guidance-2016-08-31>) for the current quarter.

Charter Communications Inc.(CHTR) rose 4.5% following news the cable company is due to become an S&P 500 component (<http://www.marketwatch.com/story/kraft-heinz-set-to-join-sp-100-charter-communications-to-join-sp-500-2016-08-31>) after the close on Wednesday, replacing EMC Corp.(EMC), which is on track to be acquired by privately held PC maker Dell Corp.

Campbell Soup Co.(CPB) tumbled 6% after the food giant posted weaker-than-anticipated quarterly results (<http://www.marketwatch.com/story/campbell-soup-ceo-not-pleased-with-fiscal-q4-results-below-expectations-2016-09-01>).

Vera Bradley Inc.(VRA) shares jumped 10% after the handbag maker reported quarterly results Thursday morning that beat Wall Street expectations, but provided a weak outlook (<http://www.marketwatch.com/story/vera-bradley-lowers-guidance-as-sales-struggle-2016-09-01>).

After the bell

Smith & Wesson Holding Corp.(SWHC) and Lululemon Athletica Inc.(LULU) are due to report quarterly results after the closing bell.