



Dow Tumbles Over 150 Points Amid Rising Oil

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Stocks shrugged off a handful of robust economic reports to extended losses Friday as oil prices jumped amid increased violence in Libya.

The Dow Jones Industrial Average tumbled more than 150 points, led by Hewlett-Packard, DuPont and AmEx, a day after the markets posted its best one-day rise in three months in the wake of a robust report on jobless claims and falling oil prices.

The S&P 500 and the Nasdaq shed more than 1 percent each. The CBOE Volatility Index, widely considered the best gauge of fear in the market, jumped to trade above 20.

The major averages are on track to close lower for a second straight week. But they are still on pace for a seventh quarterly gain in eight quarters.

All key S&P sectors fell, led by financials, industrials and utilities.

Stocks may be under pressure because investors "are worried about the situation exacerbating over the weekend," according to Yu-Dee Chang, chief principal at ACE Investment Strategists.

Continued fighting and tensions in Libya sent oil futures higher to hit their highest intraday price in nearly 2-1/2 years. London Brent crude rose above \$116 a barrel as fighting in Libya intensified and on news of protests in Saudi Arabia's oil-producing Eastern Province. U.S. light, sweet crude jumped above \$104 a barrel, levels not seen since September 2008.

There are unconfirmed reports circulating that Hassan Warbouk, one of the rebels fighting against Libyan leader Gaddafi, was killed in fighting in the town of Zawiyah.

"Oil is getting out of control," said Dave Rovelli, managing director of equity trading at Canaccord Genuity. If the price stays above \$100, as it has, "the economy is not going to be able to sustain this," Rovelli said. (*Read More: Oil Smacking Stocks—Again*)

The surge in oil prices kept the Dow transport stocks under pressure. Airline firms such as United Continental and JetBlue were among the biggest laggards.

Meanwhile, gold prices rallied above \$1,430 an ounce, helping gold miners including GoldCorp and Newmont Mining.

Investors also have an eye on currencies, a day after the euro soared after European Central Bank President Jean-Claude Trichet hinted that an interest-rate hike could come as early April. Meanwhile, the dollar traded flat against a basket of currencies.

Financials were mostly in the red after Bank of America Merrill Lynch downgraded Citigroup and Goldman Sachs to "neutral" from "buy" and cut its price targets on the firms to \$4.95 and \$174 from

\$5.60 and \$182, respectively, saying it expects first-quarter results for both banks to be tepid. Both stocks were trading lower.

Morgan Stanley shares also slipped after Bank of America Merrill Lynch cut its price target on the firm to \$29 from \$31.

Capital One Financial declined even after Barclays raised its price target on the bank to \$60 from \$55.

Tech stocks were under pressure as well, after Marvell delivered a weak earnings report, that blamed Research In Motion, a major customer, for some of its results, Rovelli at Cannacord Genuity said. At least two brokerages cut their price target for Marvell. Most of the semiconductor sector was down.

Intel remained flat even after brokerage Robert W. Baird raised its rating on the tech giant to "outperform" from "neutral," saying its recent field research points to favorable trends.

Monster Worldwide shares plunged more than 7 percent to lead the S&P 500 decliners after brokerage William Blair & Co. cut its rating on the stock to "market perform" from "outperform."

Among Dow giants, Wal-Mart slipped even after news the big box retailer said it is planning to raise its dividend by 21 percent. And Boeing traded flat after Reuters cited sources as saying European rival EADS was set to concede defeat in a decade-long battle with the group by deciding not to appeal a \$30 billion U.S. tanker contract.

In the day's economic news, nonfarm payrolls added 192,000 jobs in February, according to the Labor Department, while the private sector added 222,000, largely in line with expectations. The unemployment rate fell to 8.9 percent, the lowest since April 2009. The number of jobs added in January rose to 63,000 from the 36,000 first reported.

Economists surveyed by Reuters expected payrolls to rise by 185,000 with some investors expecting a reading above 200,000. The unemployment rate was expected to have risen to 9.1 percent from 9 percent the month before.

"It wasn't a blow-out number," said Jeffery Kleintop, chief market strategist at LPL Financial in Boston. *(Read More: Why Investors Weren't Cheered Much by February Jobs Report)*

Averaging the results from February as well as January, which was affected by huge winter storms across the country, there were about 140,000 jobs created each month, Kleintop noted.

"That's OK, but not quite strong enough to suggest we are out of the woods yet," he said.

As Kleintop points out, 8.7 million jobs were lost during the economic downturn, and the economy has only gained back 1.25 million. "We have a long way to go," he said. "But today's data is an important step on that way to recovery. It's the strongest number since the recovery began."

Other analysts said that the market's muted reaction toward the jobs report largely reflects the fact the market rose so sharply in the prior session.

"Much of yesterday's equity rally was 'jobs induced' rather than oil related," Dan Greenhaus, chief economist strategist at Miller Tabak & Co. said in a note to clients Friday. "As such, our gut feeling was that a number closer to 250K would have been necessary to sustain the rally, at least initially."

But Greenhaus added, "we must note that this is, relatively speaking, a pretty decent jobs report."

Meanwhile, January factory orders rose by 3.1 percent, much more than expected, helped by a boost in aircraft orders, the Commerce Department reported. Economists surveyed by Reuters had expected factory orders to rise by only 2.1 percent. Factory orders had risen 1.4 percent in December. And overseas, European shares ended their second straight week in the red.

What to Watch Next Week:

MONDAY: Atlanta Fed Pres speaks, consumer credit; Earnings from Urban Outfitters

TUESDAY: McDonald's Feb. sales data, 3-yr note auction, BofA investor conf., Nvidia analyst mtg.

WEDNESDAY: Mortgage apps, wholesale trade, oil inventories, 10-yr note auction, BofA/ML consumer conf., Citi 2011 fin. services conf., anniversary of stock market closing lows (2009); Earnings from American Eagle Outfitters, H&R Block

THURSDAY: BoE announcement, international trade, jobless claims, quarterly services survey, 30-yr bond auction, Treasury budget, money supply, Nasdaq peak anniversary; Earnings from Smithfield Foods and National Semiconductor

FRIDAY: Retail sales, consumer sentiment, business inventories, S&P index rebalancing info due, Apple's iPad 2 ships; Earnings from Ann Taylor

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