

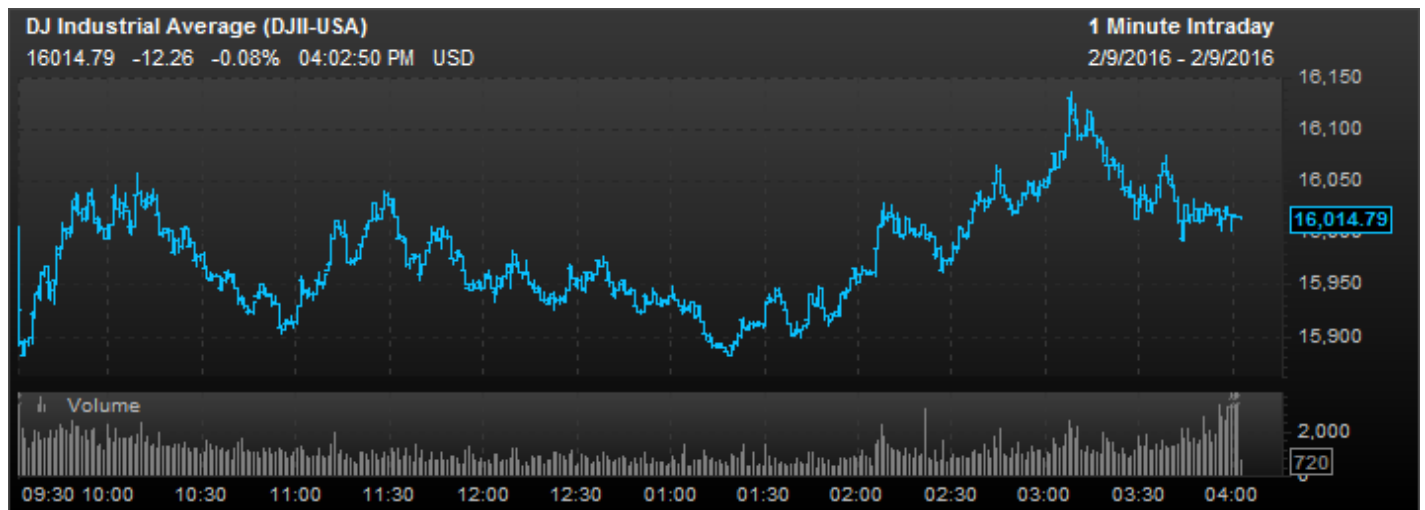
# Stocks end mostly flat in choppy trade; Yellen eyed

U.S. equities closed near the flatline Tuesday after a choppy trading session, as U.S. oil prices seesawed and investors looked ahead to Fed Chair Janet Yellen's testimony.

"I think we're seeing buying on the dips; people looking long-term are seeing more value, but at the same time people are a bit cautious ahead of the Fed," said Kate Warne, investment strategist at Edward Jones.

The Dow Jones industrial average fell nearly 150 points shortly after the open, but briefly turned positive. The blue chips index briefly rose 100 points in late-afternoon trading, but closed about 12 points lower.

## **Dow Jones industrial average intraday**



Source: FactSet

"I think we've had several days of significant selling," said Adrian Day, chairman and CEO of Adrian Day Asset Management. "You've got a situation where prices in certain sectors have gotten very overdone."

The S&P 500 dropped nearly 1 percent at the open, before briefly turning positive. The index held lower for most of the afternoon, but briefly tried for gains ahead of the close.

"If we can hold that 1,850 level [on the S&P], that would be a victory for bulls," said JJ Kinahan, chief strategist at TD Ameritrade.

The Nasdaq composite seesawed, opening down more than 1 percent, before reversing losses and gaining about 1 percent. In afternoon trading, however, the index fell more than 1 percent before trying for gains.

On Tuesday, investors looked ahead to Yellen's testimony in Congress, due Wednesday and Thursday

"There's a real likelihood that she comes out and acknowledges the weakness in the economy here and overseas," said Robert Pavlik, chief market strategist at Boston Private Wealth. "I think that will be taken by the market as a positive."

"There could be some growing optimism ahead of Janet Yellen's testimony. She has in the past had the ability to push markets higher, although that's diminished in recent years," said Randy Frederick, managing director of trading and derivatives at Charles Schwab.

Randy Warren, chief investment officer at Warren Financial Service, said "there is a good chance that Yellen says 'we're not remotely close to our 2 percent inflation target.'" "People don't want to get caught short."

Investors also kept an eye on oil prices Tuesday. [WTI](#) futures plunged 5.89 percent, or \$1.75, to trade at \$27.94 a barrel in choppy trading. Earlier, the International Energy Agency said that demand for oil will "ease back considerably" in 2016.

"It's the oil tail wagging the market dog," said Art Hogan, chief market strategist at Wunderlich Securities.

"I think oil is just a symptom of what the market is really wrestling with, which is too much of everything," said Maris Ogg, president at Tower Bridge Advisors. "But we're starting to see industrials [and other sectors] bumping along and not making new lows."

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Earlier, stocks were weighed down by rising global growth fears and a weak overseas backdrop.

"Japan fell 5.4 percent largely in part [because] two of its biggest banks fell 9 percent," said Peter Boockvar, chief market analyst at The Lindsey Group. "People thought it we'd have a quiet week because China was closed; that's obviously not the case."

European equities followed Asian stocks lower, with the pan-European STOXX 600 index dropping over 1.5 percent.

U.S. futures seesawed on Tuesday, with Dow futures failing to hold initial gains and dropping more than 200 points.

"We certainly know the path of least resistance is lower," Wunderlich's Hogan said.

"At the beginning of this sell-off, it was about oil and China demand," he said. "Now we're seeing a re-writing of valuations in other spaces, like tech."

The technology sector in the S&P has dropped about 5 percent in the last month.

The three major U.S. indexes fell on Monday, but managed to pare losses ahead of the close.

"Rallies are lasting only hours, and that's indicative of the market's weakness" said Adam Sarhan, CEO of Sarhan Capital. "What you've got is a very aggressive amount of selling in the market."

Mark Luschini, chief investment strategist at Janney Montgomery Scott, said that "we continue to see worries in the financial sector."

"I think markets are struggling to crystallize this picture of somewhat soft economic data and what it all means for corporate earnings."

Treasurys around the world have staged a significant rally recently, and continued their upward

trajectory on Tuesday.

"The bond market is flashing a recession," Peter Cardillo, chief market economist at First Standard Financial, said.

U.S. 10-year yields traded at 1.73 percent, after briefly dipping below 1.7 percent. In Japan, 10-year yields turned negative for the first time ever.

"The bond market is not thinking about higher rates right now," said Matt Tuttle, chief investment officer of Tuttle Tactical Management. "Right now it is thinking something like 'I don't want to own stocks, and I don't want to own something that will kill me.'"

On the data front, investors digested U.S. wholesale inventories data, which showed inventoried declined 0.1 percent in December, less than expected. Also, the latest JOLTS survey showed job openings rose in December.

"Even after taking petroleum and autos out of the data, the ratio of wholesale inventory to sales remains high and still needs to be worked off, especially for nondurables," Steve Blitz, chief economist at ITG Investment Research, said in a note.

[Coca-Cola](#), [Viacom](#) and [Wendy's](#) reported quarterly earnings before the open, with Disney results due after the bell.

"We got earnings that were good, but not good enough to move us higher," Wunderlich's Hogan said.

Symbol	Name	Price	Change	%Change
<a href="#">DJIA</a>	Dow Jones Industrial Average	16041.81	27.43	0.17%
<a href="#">S&amp;P 500</a>	S&P 500 Index	1868.35	16.14	0.87%
<a href="#">NASDAQ</a>	Nasdaq Composite Index	4336.81	68.05	1.59%

The [Dow Jones industrial average](#) traded 12.67 points lower, or 0.08 percent, at 16,014.38, [Chevron](#) leading decliners and [Pfizer](#) leading advancers.

The [S&P 500](#) fell 1.23 points, or 0.07 percent, to 1,852.21, with energy leading five sectors lower and materials leading advancers.

The [Nasdaq](#) slipped 14.99 points, or 0.35 percent, to 4,268.76.

The [CBOE Volatility Index \(VIX\)](#), widely considered the best gauge of fear in the market, traded near 26.5.

The [dollar](#) fell 0.57 percent against a basket of currencies. Decliners led advancers 7 to 3 on the New York Stock Exchange, with an exchange volume of 1.165 billion and a composite volume of 5.047 billion at the close.

Gold futures for April delivery settled at \$1,198.60 an ounce, up 70 cents.

***On tap this week:***

**Tuesday**

*Earnings:* [Disney](#), First Data, Panera Bread, Western Union, Solar City, Wellcare Health, Sanofi

**Wednesday**

*Earnings:* [Time Warner](#), [Cisco Systems](#), [Twitter](#), Whole Foods, Tesla Motors, Humana, Sealed Air, Owens Corning, Nissan, Pioneer Natural Resources, iRobot, Flowers Foods, Rayonier, Zynga

10 a.m.: Fed Chair Janet Yellen testifies before House Committee on Financial Services

1 p.m.: 10-year note auction

1:30 p.m.: San Francisco Fed John Williams on health and the economy

2 p.m.: Federal budget

**Thursday**

*Earnings:* [PepsiCo](#), [Kellogg](#), Nokia, Molson Coors, Time Inc, Groupon, Pandora, Zillow, Teva Pharma, Borg Warner, Advance Auto Parts, CBS, KKR, FireEye, AIG, Activision Blizzard

8:30 a.m.: Initial claims

10 a.m.: Fed Chair [Janet Yellen](#) testifies before Senate Banking Committee

1 p.m.: 30-year bond auction

**Friday**

*Earnings:* Red Robin Gourmet Burgers, Calpine, Buckeye Partners, Interpublic, Ventas, Brookfield Asset Management

8:30 a.m.: Retail sales; import prices

10 a.m.: Consumer sentiment; business inventories; New York Fed President William Dudley speaks on household debt and credit

\*Planner subject to change.

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