

## Stocks cut losses on OPEC deal chatter

U.S. equities closed lower on Thursday, but well off their lows, as investors digested a massive global sell-off, falling oil prices, and chatter about a possible OPEC production cut.

The Dow Jones industrial average fell 411.73 points at session lows, as [Boeing](#) and [Goldman Sachs](#) weighed the most on the blue chips index.

However, the blue chips index bounced back sharply after Dow Jones cited comments from the energy minister of the United Arab Emirates on Sky News Arabia saying OPEC members were ready to cooperate on a production cut. Suhail bin Mohammed al-Mazrouei also said low prices were already forcing non-OPEC members to cap production.

"We've heard this chatter enough times over the past month so take it with a grain of salt. Either way though, we've reached an extreme threshold of pain that this talk is even taking place," Peter Boockvar, chief market analyst at The Lindsey Group, said in a note.

The blue chips index closed 250 points lower after the report's release.

However, Adam Sarhan, CEO of Sarhan Capital, said the bounce could be due to some technical buying, noting that the OPEC report came out at 2:31 p.m. ET, but stocks didn't hit session lows until about 2:36 p.m. ET.

"I think you're in a situation where the market is in deeply oversold levels. ... At some point, it's got to bounce," said Adam Sarhan, CEO of Sarhan Capital. "But make no mistake about it, the overall trend is down."

The S&P 500 dropped 1.2 percent, as financials posted their first five-day losing streak since August. At session lows, S&P briefly broke below its Jan. 20 intraday low of 1,812.29 when it hit 1,810.01.

"There's a chance we break below the 1,800 level, and then the next level to watch is 1,775," said Peter Cardillo, chief market economist at First Standard Financial. "I think we could see a bounce there. Otherwise, we're in trouble."

The Nasdaq composite briefly turned positive shortly ahead of the close, as Amazon and Cisco Systems rose 2.7 percent and 9.6 percent, respectively. The index, however, closed 0.4 percent lower

Randy Warren, chief investment officer at Warren Financial Service said "I think there's just tremendous wealth destruction going on. ... Unless sovereign wealth funds are done selling, we're not going to see a respite."

Overseas markets fell sharply on Thursday, as Chinese H shares falling about 5 percent, while the pan-European STOXX 600 closed 3.68 percent as banks in the region plunged. On Wednesday, European banks soared, momentarily halting a massive plunge.

MSCI's All-Country World Equity index also closed in bear market territory, down 20.18 percent from its 52-week high.

"Investors have become increasingly concerned with [economic growth]," said Kate Warne, investment strategist at Edward Jones. "This represents an opportunity for investors looking past the short-term volatility. We didn't get any news suggesting the global economy is slowing down."

European markets were also surprised by the Swedish central bank cutting rates further into negative territory.

"I'll say this again, the arbitrary desire on the part of the Fed, ECB, BoJ, BoE, Riksbank, and SNB for 2% inflation has truly wrecked havoc on the global economy and has lit major financial instability," Boockvar said.

The sell-off in global equities sent traditional safe havens surging.

Gold futures for [April delivery](#) settled \$53.20 to trade at \$1,247.80, while U.S. 10-year note yields traded at 1.64 percent. The benchmark note yield also went below 1.55 percent momentarily.

&lt;



&gt;

"The central banks have lost control of the situation," First Standard's Cardillo said. "If this continues, there's real trouble ahead."

Investors also kept an eye on falling oil prices, as WTI futures hit their lowest levels since 2003.

[U.S. crude](#) closed down 4.5 percent, or \$1.24, at \$26.21 a barrel, before paring losses in after-hours trading.

WTI prices have fallen sharply but have experienced several volatile sessions.

"As of yesterday, oil has moved 5 percent 24 of the 26 trading days this year," said Art Hogan, chief market strategist at Wunderlich Securities. "That doesn't happen. ... That is more than we would see in an average year."

On the data front, U.S. weekly jobless claims came in at 269,000, below estimates. However, "we're ignoring the fact that there's good news," Hogan said.

U.S. futures fell sharply on Thursday, with Dow futures briefly falling more than 300 points. On Wednesday, stocks failed to hold a rally that lasted most of the session, as the Dow and S&P both closed lower.

"Yesterday we had the perfect setup for a constructive day," Hogan said. "And it all collapsed on us. Oil fell and everyone fell with it."

"Volatility is going to be the norm, not the exception."

The [CBOE Volatility Index \(VIX\)](#), widely considered the best gauge of fear in the market, traded near 28.5, after briefly hitting its highest level since Jan. 20.

"I think we need to see tangible evidence that the fundamentals are improving," said Mark Luschini, chief investment strategist at Janney Montgomery Scott.

The [dollar](#) fell 0.3 percent against a basket of currencies Thursday, and has dropped more than 3

percent in 2016.

"The dollar has turned into a trade of disbelief in the efficacy of central bank policy," said Guy LeBas, chief fixed income strategist at Janney Montgomery Scott.

Fed Chair Janet Yellen testified in front of Congress for the second day, and said: "There is always some chance of recession in any year."

"But the evidence suggests that expansions don't die of old age."

On Wednesday, she said that, if the U.S. economy were to disappoint, the Fed would have to reconsider its rate hike path.

Symbol	Name	Price	Change	%Change
<a href="#">DJIA</a>	Dow Industrials	17756.25	-116.97	-0.65%
<a href="#">S&amp;P 500</a>	S&P 500 Index	2091.48	-7.58	-0.36%
<a href="#">NASDAQ</a>	NASDAQ	4931.85	-1.65	-0.03%

The [Dow Jones industrial average](#) closed 254.56 points lower, or 1.6 percent, at 15,660.18, with Boeing leading decliners and [Cisco Systems](#) leading advancers.

The [S&P 500](#) ended 22.78 points lower, or 1.23 percent, at 1,829.08, with financials leading all sectors lower.

The [Nasdaq](#) closed 16.76 points lower, or 0.39 percent, at 4,266.84.

Decliners were about five steps ahead of advancers on the New York Stock Exchange, with an exchange volume of 1.357 billion and a composite volume of 5.475 billion at the close.

***On tap this week:***

#### **Thursday**

*Earnings:* CBS, KKR, FireEye, AIG, Activision Blizzard

#### **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.

***More From CNBC.com:***