

Stocks close slightly higher; oil, US data eyed

U.S. stocks closed mildly higher Wednesday after their best start to a month in just over three years. Oil and data remained in focus ahead of Friday's jobs report.

"I think it's more of a digestion of the past day's gains and the realization there are two big economic indicators coming up," said Anthony Valeri, investment strategist at LPL Financial. ISM services is due Thursday and the nonfarm payrolls report is scheduled for Friday morning.

"I think this week ISM services takes prominence because of (Markit services) PMI's drop below 50," he said.

The Fed's [Beige Book released Wednesday said that economic activity increased](#) in most regions. Consumer spending rose in most districts.

Energy closed 2.45 percent higher, logging in its best daily performance in two weeks, to lead S&P 500 advancers. Telecommunications was the second-best performer, trading at highs not seen since August

2014.

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U.S. crude oil futures settled up 26 cents, or 0.76 percent, at \$34.66 a barrel. Earlier in the session, WTI briefly rose to \$35.17, its highest since Jan. 6. U.S. stocks came off session lows to try for gains.

"I think there's more near-term upside if we hold \$34.80. The next level would be \$37 - \$38," said John Caruso, senior market strategist at RJO Futures. "Stocks, they still look like they want higher. They're really holding on to those gains."

The stability in oil was supported by momentum and hopes of curbing oversupply. The U.S. oil inventory report showed a build in stockpiles but a continued decline in production, down 25,000 to 9.077 million barrels a day, according to StreetAccount.

"If production's coming down it's going to have a positive effect, especially on WTI," said Art Hogan, chief market strategist at Wunderlich Securities.

Reuters also reported in late-morning trade that Venezuela's Oil Minister Eulogio Del Pino said more than 15 countries will attend an upcoming oil meeting to discuss an output freeze plan and possible further actions, state oil company PDVSA said in a statement on Wednesday, according to Reuters.

The news was the latest development in hopes of talks between OPEC and non-OPEC producers to freeze production at January's record-high levels.

Energy and financials were among the top S&P 500 advancers, while materials lagged. [IBM](#) contributed the most to gains in the Dow Jones industrial average, while [Nike](#) and [DuPont](#) weighed.

"Not very exciting considering how volatile things have been," said Randy Warren, chief investment officer at Warren Financial Service. "I think it's best for investors to dollar-cost average into the market."

Earlier, the major averages touched session lows as U.S. crude oil futures briefly fell 2 percent below \$34 a barrel after the U.S. Energy Information Administration data showed a build of nearly 10.4 million barrels, more than the 9.9 million barrels the American Petroleum Institute reported late Tuesday.

"The oil inventories were very negative in terms of today's trading overall for oil," said Peter Cardillo, chief market economist at First Standard Financial.

"Considering yesterday's strong close, the markets are lower but not really much lower. It could be much worse. What we're seeing here is a market that is still following oil, but oil is being less of a problem for the market," he said.

U.S. stocks traded little changed to slightly lower for much of the morning session.

"Obviously we had a meltup yesterday, so it's natural we might peel some of that back," said Mark Luschini, chief investment strategist at Janney Montgomery Scott. "Otherwise we're setting up for jobs Friday."

The [ADP employment report](#) showed U.S. private employers added a more-than-expected 214,000 jobs in February. Treasury yields edged higher after the report.

"I think it continues to suggest we're in the midst of a very robust labor market," said Ryan Larson, head of equity trading, U.S., RBC Global Asset Management (U.S.).

Treasury yields traded mixed as of 4:03 p.m., with the [2-year yield](#) flat at 0.8491 percent after earlier hitting 0.905 percent, its highest since Jan. 14, while the [10-year yield](#) traded a touch higher near 1.8371 percent after earlier touching its highest since Feb. 5.

The U.S. dollar index traded mildly lower against major currencies, with the euro at \$1.0869 and the yen at 113.41 yen against the greenback.

San Francisco Fed President John Williams, a non-voting member, said in a Reuters report that raising rates gradually is the "right strategy." The U.S. economy still needs "some accommodation" over the next few years but it is powering through headwinds from abroad and faces no tangible risk of recession.

"I think one of the things that is important to see come to light after days like yesterday (is) we're not giving back gains in subsequent days," Larson said.

The major averages closed 2 percent higher or more Tuesday for their best first trading day of a month since January 2013. The Nasdaq composite outperformed with gains of 2.89 percent, closing above its 50-day moving average for the first time in 2016. The S&P 500 and Dow also ended above their 50-day moving averages.

"You're hard pressed to find a real answer why the market gapped up the way it did (Tuesday) especially after Monday's lousy performance. ... I think yesterday you had the big heavy buying. Today you have the market pausing," said Adam Sarhan, CEO of Sarhan Capital.

In political news, Donald [Trump was the projected winner](#) of seven GOP primaries, NBC News reported. U.S. Secretary of State Hillary Clinton won seven states, although Vermont U.S. Sen. Bernie Sanders had a solid showing by taking four states.

Symbol	Name	Price	Change	%Change
DJIA	Dow Industrials	17730.87	-142.35	-0.80%
S&P 500	S&P 500 Index	2088.94	-10.12	-0.48%
NASDAQ	NASDAQ	4927.25	-6.26	-0.13%

Overseas, European stocks closed mostly higher, with the STOXX Europe 600 Banks rising 3.4 percent for its first five-day win streak since October. The bank index is still more than 30 percent below its 52-week intraday high.

In Asia, the Nikkei 225 and Shanghai composite surged more than 4 percent, shaking off news [Moody's lowered its China government bond rating outlook](#) to "negative" from "stable."

The [Dow Jones industrial average](#) closed 34.24 points higher, or 0.2 percent, at 16,899.32, with ExxonMobil leading advancers and DuPont the greatest laggard.

The [S&P 500](#) gained 8.10 points, or 0.41 percent, to close at 1,986.45, with energy leading eight sectors higher and materials and consumer discretionary the only decliners.

The [Nasdaq](#) composite rose 13.83 points, or 0.29 percent, to close at 4,703.42.

The [CBOE Volatility Index \(VIX\)](#), widely considered the best gauge of fear in the market, traded near 17.

About two stocks advanced for every decliner on the New York Stock Exchange at the close, with an exchange volume of 1.093 billion and a composite volume of 4.628 billion.

Gold futures for April delivery settled up \$11 at \$1,241.80 an ounce.

On tap this week:

Wednesday

Earnings: Costco, Semtech, Pure Storage, Brown-Forman, Abercrombie and Fitch

2 p.m. Beige book

Thursday

Earnings: Kroger, Royal Ahold, Barnes and Noble, Joy Global, Broadcom, Embraer, Ciena, Trina Solar, Cooper Cos.

7:30 a.m.: Challenger Job-Cut report

8:30 a.m. Initial claims; productivity and costs

9:45 a.m. Services PMI

10 a.m. ISM nonmanufacturing; factory orders

10:30 a.m.: Natural gas inventories

10:45 a.m.: Dallas Fed President Rob Kaplan speaks

Friday

Earnings: Staples, WPP Group

8:30 a.m. Employment report; international trade

1 p.m.: Oil rig count

1 p.m.: Dallas Fed President Rob Kaplan speaks

*Planner subject to change.

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