

Wall St. stumbles as oil resumes slide

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A fresh bout of selling swept through Wall Street on Tuesday in the wake of a sharp slide in oil prices, snapping yet another rally in what has been a turbulent year for financial markets.

All three major U.S. indexes were down nearly 1 percent as crude sank more than 4 percent after Saudi Oil Minister Ali Al-Naimi ruled out any production cuts. [O/R]

Volatile oil prices have influenced the direction of stocks, pushing the S&P 500 .SPX down more than 5 percent this year.

Rallies have been few and short-lived, with the S&P 500 .SPX and the Dow Jones industrial average .DJI having risen for three days in a row only once in the past two months.

The steep fall in oil prices is starting to hurt other sectors, with banks now bracing for a wave of potential defaults from energy companies.

JP Morgan (JPM.N), the largest U.S. bank by assets, said on Tuesday it would set aside another \$500 million to cover losses stemming from the energy sector. Its shares were down 3.8 percent at \$56.35.

The S&P financial sector .SPSY has been the worst performer among the 10 major sectors this year, declining more than 10 percent.

"The fact that Al-Naimi was so clear, and that he repeatedly said no production cuts are planned, are what unnerved the markets," said **Bernard Baumohl, chief global economist at the Economic Outlook Group** in Princeton, New Jersey.

At 13:04 p.m. ET (1804 GMT), the Dow Jones was down 150.39 points, or 0.90 percent, at 16,470.27.

The S&P 500 .SPX was down 17.76 points, or 0.91 percent, at 1,927.74 and the Nasdaq Composite index .IXIC was down 42.78 points, or 0.94 percent, at 4,527.83.

"The market is still groping for direction," said Scott Brown, chief economist at Raymond James in St. Petersburg, Florida.

Shares of Chevron (CVX.N) fell 3.4 percent, while Exxon (XOM.N) was off 1.1 percent.

Nine of the 10 major S&P sectors were lower, led by a 2.61 percent fall in the energy sector .SPNY. Financial stocks .SPSY were off 1.76 percent.

Mixed data on Tuesday offered little cheer, with consumer confidence falling to its lowest since July but U.S. home resales unexpectedly rising in January.

Fitbit (FIT.N) sank 19 percent to \$13.39 after the wearable fitness device maker forecast profit below estimates.

Western Digital (WDC.O) dropped 6.3 percent to \$43.20 after a government watchdog derailed an investment in the company by China's Unisplendour (000938.SZ). Western Digital cut its offer for SanDisk (SNDK.O) as a consequence. SanDisk was down 2.3 percent.

Declining issues outnumbered advancing ones on the NYSE by 1,928 to 1,031. On the Nasdaq, 1,618 issues fell and 1,059 rose.

The S&P 500 index showed nine new 52-week highs and no new lows, while the Nasdaq recorded 20 new highs and 33 lows.

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