

Market Watch

Market Snapshot

Dow extends win streak to four sessions, as investors look forward to easing of coronavirus lockdowns

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General Motors suspends dividend and share repurchases



The Dow scored its fourth straight session of gains Monday, as several countries and U.S. states began to ease their coronavirus lockdowns or outlined plans to moderate restrictions. Investors also braced for a deluge of first-quarter earnings reports and tracked continued weakness in crude oil.

How major indexes fare?

The Dow Jones Industrial Average US:DJIA advanced 358.51 points, or 1.5%, to end at 24,133.78. The S&P 500 US:SPX rose 41.74 points, or 1.5%, to finish at 2,878.48. The Nasdaq Composite US:COMP climbed 95.64 points, or 1.1%, closing at 8,730.16.

Major U.S. stock benchmarks fell last week. The Dow saw a 1.9% weekly decline to end Friday at 23,75.27, while the S&P 500 gave up 1.3% to close at 2,836.74. The Nasdaq Composite gave up just 0.2% last week to finish Friday at 8,634.52.

Of note, the Russell 2000 US:RUT, which tracks smaller U.S. businesses, booked larger gains Monday than the three major indexes, adding 48.86 points, or 4%, to end at 1,281.88.

What drove the market?

The states of Georgia, Oklahoma and Alaska started loosening restrictions on businesses despite warnings from public-health experts that such moves could be premature. New York Gov. Andrew Cuomo said the state will likely begin to reopen the economy in certain areas “with certain precautions after May 15.”

Treasury Secretary Steven Mnuchin said he expected the U.S. economy to bounce back in the months after June, once the lockdowns are dismantled.

“People are now realizing we could open sooner, and we could get things going again. Maybe this will prove to be a temporary blip. Markets are forgiving of those kind of blips, but so much if this ends up becoming a longer-term issue,” **Joe Saluzzi**, co-manager of trading at **Themis Trading**, told MarketWatch.

Saluzzi also pointed out that the CBOE Volatility index US:VIX was down well below 40. The index traces the implied measure of the S&P 500’s volatility over the past 30 days, and was down 7.4% Monday near 33.29.

“It’s a sign that maybe things can calm down a little from here,” said **Saluzzi**.

Children in Spain were allowed outdoors for the first time in six weeks if accompanied by an adult on Sunday and the government plans to allow residents to leave their homes for walks and exercise starting May 2. Italy and Belgium laid out plans to begin easing some restrictions on May 4, while France aims to begin easing its lockdown on May 11.

But the busiest week of corporate earnings season also has kicked off, with results expected to reflect the damage and uncertainty spawned by the pandemic.

“I think the news will continue to be negative,” Christopher O’Keefe, managing director at Logan Capital Management, told MarketWatch. “You’ll probably see more companies deciding to eliminate guidance for the year, because they just don’t know. And you’ll probably see more omissions of dividends.”

There are 149 S&P 500 companies and 12 components of the Dow scheduled to deliver results this week. Among the heavyweights, tech giants Apple Inc. US:AAPL, Microsoft Corp. US:MSFT, Google parent Alphabet Inc. US:GOOG US:GOOGL and e-commerce juggernaut Amazon.com Inc. US:AMZN are all scheduled to report in the week ahead.

So far, 122 members of the S&P 500 have already posted first-quarter numbers, with earnings down by 22.7% in aggregate. FactSet’s blended estimate, combining already reported results and estimates for the rest, projects only muted improvement of a 16% earnings drop once all results are tallied.

Investors were shaking off further weakness in oil futures on Monday. Oil’s collapse last week, including a plunge into negative territory for an expiring Nymex West Texas Intermediate crude contract, was blamed for dragging down equities last week and underlines the hit to demand from the pandemic.

The week ahead also will see a meeting of Federal Reserve policy makers. Monday afternoon, the central bank said it was expanding its \$500 billion Municipal Liquidity Facility, to include debt issued by smaller cities and counties and to finance them for longer than the initial facility allowed.

Analysts initially expected there to be little scope for additional near-term action given the substantial monetary easing and other stimulus efforts already undertaken by the central bank.

What companies were in focus?

General Motors US:GM said it would suspend its dividend and stock repurchases to preserve cash. The car maker's shares gained 2.3%, after trading down earlier in the session.

Luckin Coffee Inc. US:LK shares were in focus after the Wall Street Journal reported that a Chinese regulator was investigating the Chinese coffee chain and had demanded access to the company's accounts. This comes after the company reported to investors that a large chunk of its 2019 sales were fabricated.

Loews Corp. US:L shares gained 0.5% even after the conglomerate said it expected to book a significant loss in the second-quarter from its stake in Diamond Offshore Drilling US:DO, which filed for bankruptcy this weekend.

Shares of Hess Corp. US:HES and Occidental Petroleum US:OXY ended higher, even though the companies were Diamond Offshore Drilling's two biggest customers, based on revenues from 2019.

Tesla Inc. shares US:TSLA climbed 10.2% after Bloomberg News reported that the Silicon Valley car maker has told some workers at its main factory in California to prepare to return to work by next week, before a regional stay-at-home order is lifted.

Arconic Inc. US:ARNC said Monday it expects first-quarter revenue to fall to \$1.6 billion, down about 12% from the year-earlier period. Shares of the aluminum sheet maker gained 13.8%.

How did other markets trade?

In commodities, West Texas Intermediate crude for June delivery US:CL fell \$4.16, or 24.6%, to settle at \$12.78 a barrel Monday. Gold futures for June delivery US:GCM20 fell \$11.60, or 0.7%, to settle at \$1,711.90 an ounce.

The 10-year Treasury note yield BX:TMUBMUSD10Y was up 6.1 basis points to 0.66%. Bond prices move in the opposite direction of yields.

The Stoxx Europe 600 index XX:SXXP finished 1.8% higher. Asian shares booked gains, with Japan's Topix index JP:180460 closing up 2% and China's CSI 300 index XX:000300 gaining 0.7%.

The dollar weakened against its major rivals, with the ICE U.S. Dollar Index US:DX down 0.4%.

Joy Wiltermuth contributed to this article.