U.S. Stocks Decline

Stocks Fell in January, Marking Biggest Monthly Loss in a Year

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U.S. stocks fell Monday after data showed slowing activity in the U.S. manufacturing sector, raising worries about the health of the domestic economy.

The Dow Jones Industrial Average declined 82 points, or 0.5%, to 17084. The S&P 500 index dropped nine points, or 0.4%, to 1986. The Nasdaq Composite Index fell 36 points, or 0.8%, to 4599.

Stocks extended declines after the Institute for Supply Management said its manufacturing purchasing managers index fell to a seasonally adjusted 53.5 in January. The reading was below an expected 54.3 and down from 55.1 in December.

Exxon Mobil Corp. reported better-than-expected earnings Monday. PHOTO: BLOOMBERG NEWS

“People are getting nervous about slowing growth,” said Joe Saluzzi, partner at brokerage firm Themis Trading. “Most people would say we’re still better than the rest, and we’re still reporting decent earnings. But are we getting dragged down? That’s the fear, and if we are, then we have some issues.”

Many investors have flocked to U.S. stocks in recent years with bets on a strengthening U.S. economy amid faltering activity in Europe and a deep slowdown in China. But Monday’s decline comes on the heels of a difficult January for investors. The Dow Industrials lost 3.7% while the S&P 500 shed 3.1% last month, with both indexes showing the worst monthly loss in a year.
The economic calendar is heavy this week. Consumer spending fell 0.3% in December, the Commerce Department said. Personal income rose 0.3%. Economists surveyed by The Wall Street Journal had expected a 0.3% decline in consumer spending and a 0.2% rise in personal income.

The Federal Reserve’s preferred inflation measure, the price index for personal consumption expenditures, fell 0.2% from November.

On Friday, the Labor Department will release the closely watched jobs report for January. Economists surveyed by The Wall Street Journal expect 234,000 new jobs were added last month, while the unemployment rate is expected to remain at 5.6%.

Investors continued to watch oil prices. Crude-oil futures rose 0.9% to $48.67 a barrel, after jumping 8.3% Friday. The rise in oil prices gave an early lift to some energy companies. The S&P 500 Energy index gained 0.7%.

Chevron Corp. rose 0.8%. Fellow Dow component Exxon Mobil gained 0.8%. Exxon reported fourth-quarter earnings that topped expectations, though it released plans to cut its share buyback program amid the monthslong tumble in oil prices. “The biggest thing right now is the price per barrel of oil,” said Art Hogan, chief market strategist at Wunderlich Securities.

Exxon Mobil, Lands' End and Sysco are among stocks to watch. MarketWatch's Victor Reklaitis and WSJ's Simon Constable discuss on the News Hub. Photo: Getty

Stocks fell Friday, with the Dow down 1.4% to 17164.95 and the S&P 500 down 1.3% to 1994.99.

The Dow has fallen 4.9% from its record close of 18053.71, and the S&P 500 is down 4.6% from its closing record of 2090.57, through Friday’s close. Still, strategists say the backdrop for stocks remains positive. In an environment where many central banks are easing monetary policy, helping keep interest rates low, investors seeking yield are likely to be attracted to U.S. assets. The Federal Reserve is widely expected to raise interest rates this year.

Foreign investors in the U.S. stock market could see their gains amplified by a currency that’s appreciating, said Mr. Hogan. “The strong dollar will act like a magnet for global capital,” he said.

Also helping is data showing that consumers are feeling upbeat about the economy. Consumer confidence in January surged to its highest level since 2007, according to data from the Conference Board.

In Europe, France’s CAC 40 stock index was little changed, while Germany’s DAX added 0.5%. The Stoxx Europe 600 index fell 0.2%.

Gold futures fell 0.5% to $1272.70 an ounce. The yield on the 10-year Treasury note rose slightly to 1.672% as prices fell.

In other corporate news, Mylan Inc. has agreed to buy certain women’s health-care businesses from India’s Famy Care Ltd. for $750 million in cash. Mylan shares fell 1.5%.
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