

Wall St holds ground as jobless claims fall to near 18-month low

By Shashank Nayar

(Reuters) - Wall Street indexes held steady on Thursday as weekly jobless claims fell to a near 18-month low, allaying fears of a slowing economic recovery.

The Labor Department said initial claims for state unemployment benefits dropped 35,000 to a seasonally adjusted 310,000 for the week ended Sept. 4, the lowest level since mid-March 2020.

The economy-sensitive S&P 500 financial sector index and the banking sub-index were among the top gainers, rising about 0.7% each.

JPMorgan, Wells Fargo, Citi Group and Morgan Stanley gained between 1.1% and 1.6%, tracking a slight rise in benchmark bond yields following the data. [US/]

Six of the 11 major S&P 500 sectors were higher in early afternoon trading, with the defensive real estate, utilities and consumer staples falling the most.

“This jobs data is counter-intuitive to the way markets are moving because it provides a reason for the Federal Reserve to pull back its asset

purchases sooner, a factor that has weighed on markets recently,” said Jeff Powell, managing partner at Polaris Wealth Advisory Group.

The S&P 500 and the Dow Jones were little changed after gaining in early trading, hinting they were set to snap a three-day losing streak.

Investor mood has been glum this week after a recent monthly jobs report showed a slowdown in U.S. hiring amid worries over a fading recovery. Uncertainties over the U.S. Federal Reserve’s stimulus tapering timeline has also been a drag on sentiment.

“Bull markets will continue to climb a wall of worry and while people are worried about inflation and COVID-19 and the Fed, the market seems to be nervously optimistic in their trades with earnings expectations being positive for the coming quarters,” Polaris’s Powell said.

At 12:26 p.m. ET, the Dow Jones Industrial Average was down 1.01 points, or 0.00%, at 35,030.06, the S&P 500 was down 1.05 points, or 0.02%, at 4,513.02, and the Nasdaq Composite was up 35.66 points, or 0.23%, at 15,322.30.

Video game retailer GameStop Corp fell 3.2% on the company’s silence on its turnaround plan in its first post-earnings conference call by new Chief Executive Matt Furlong.

Reports that Beijing slowed down approval for all new online video games sent shares of U.S.-listed gaming stocks Activision Blizzard Inc, Electronic Art Inc, and Take-Two Interactive Software Inc down between 1% and 2.7%.

Data center REIT Digital Realty slid 4% to be the top decliner among real estate stocks after the company announced a public offering of 6.25 million shares.

Advancing issues outnumbered decliners by a 1.44-to-1 ratio on the NYSE and by a 1.70-to-1 ratio on the Nasdaq.

The S&P index recorded 26 new 52-week highs and one new low, while the Nasdaq recorded 57 new highs and 27 new lows.

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