https://www.wsj.com/articles/global-stock-markets-dow-update-3-24-2020-11585012632

U.S. MARKETS

Dow Soars More Than 11% In Biggest One-Day Jump Since 1933

Some Wall Street analysts have stepped up discussions on whether the markets have hit bottom

By Alexander Osipovich, Caitlin Ostroff and Joanne Chiu

Updated March 24, 2020 4:59 pm ET

The Dow Jones Industrial Average surged more than 11% Tuesday, its biggest one-day gain since 1933, on signs that lawmakers were nearing a deal on a giant stimulus package to ease the economic fallout from the coronavirus pandemic.

Major indexes opened sharply higher after Treasury Secretary Steven Mnuchin and Senate Minority Leader Chuck Schumer (D., N.Y.) emerged from late-night negotiations saying they were within striking distance of a deal.

Stocks continued climbing throughout the day and closed near session highs. Senate Majority Leader Mitch McConnell (R., Ky.) voiced hope Tuesday that a deal would get done later in the day. The stimulus package is expected to be worth at least $1.6 trillion.

"Markets are definitely reacting to the prospects of a stimulus deal," said Jason Pride, chief investment officer for private wealth at Glenmede.

The blue-chip index gained 2,112.98 points to close at 20704.91. It was the biggest one-day percentage gain for the blue-chip index in almost 90 years, and its largest-ever move in point terms.

The S&P 500 climbed 209.93 points, or 9.4%, to 2447.33. The tech-heavy Nasdaq Composite rose 557.18 points, or 8.1%, to 7417.86. All three indexes are still down at least 24% from their mid-February highs.

A string of emergency measures by the Federal Reserve to support credit markets and ensure funding for American businesses and homeowners has also helped alleviate some of the most pressing concerns among investors.

At the same time, markets remain sensitive to reports of fresh outbreaks of the virus and the damage caused to the economy by measures to stem the contagion. Speculation about the breadth and depth of an impending global recession continue to weigh on investors.

“This is classic bear-market moves,” said David Coombs, head of multiasset investments at Rathbones Investment Management. “It doesn’t feel like there’s massive relief and confidence out there.”

Some Wall Street analysts have stepped up discussions on whether the markets have hit bottom. Credit Suisse said in a research note Tuesday that it expected the S&P 500 to hit 2700 by year’s end, which would imply a 10% gain from where it closed Tuesday.

LATEST ON THE CORONAVIRUS »

- U.S. reports more than 13,000 new coronavirus cases
- China to allow healthy people to leave Wuhan starting April 8
- U.S. airlines are drafting plans for a potential voluntary shutdown of virtually all domestic passenger flights
- U.S. Olympic team expresses concern over coronavirus risks to the Tokyo 2020 Games

The key to such a bounce would be tangible progress in battling the coronavirus pandemic, the bank’s analysts wrote. “Markets should quickly regain their footing once newly reported cases peak,” they wrote. “While entirely necessary, government relief efforts alone will not be enough to establish a market floor.”

Beaten-down energy stocks were the best-performing sector of the S&P 500. Shares of Chevron rose $12.33, or 23%, to $66.55, making it the best performer in the Dow, as the oil giant said it would slash capital spending by $4 billion to shore up its balance sheet amid a deep slump in oil prices.

Airlines, which are expected to benefit from the stimulus bill, were also among Tuesday’s winners. Shares of American Airlines Group surged $3.67, or 36%, to $13.92, although they have still lost more than half their value this year.

Investors snapped up shares of restaurant chains, many of which have been forced to close their cafes. Darden Restaurants, owner of Olive Garden, soared $12.86 a share, or 31%, to $53.89. Shares of McDonald’s jumped $24.85, or 18%, to $161.95.

Economic data has begun to show the extensive impact of the pandemic and sweeping lockdown measures that have curtailed business activity in the U.S. and abroad.

An indicator measuring U.S. manufacturing and services activity dropped at its steepest rate in over a decade. IHS Markit's flash reading for the U.S. Composite Output Index fell to 40.5 in March from 49.6 last month—its sharpest drop since October 2009 and a sign that the U.S. is likely already in a recession, the data provider said Tuesday.

March figures for the manufacturing and services sector in Germany and the eurozone also pointed to a contraction.

"It's an unprecedented medical emergency, which requires an unprecedented response from policy makers," said Florian Hense, an economist at Berenberg. "As we are trying to contain the medical emergency, we are trying to pull down economic activity. We are consciously, voluntarily pulling down economic activity."

MORE

- Business Activity Contracts at Sharpest Rate Since Financial Crisis
- Virus, Market Mayhem a Tough Combination for Traders
- Intelligent Investor: A Simple Playbook
- Negotiators Nearing Accord on U.S. Stimulus Package

Gold futures rose 5.9%—their best one-day performance since 2009—in a move that some investors saw as a return to normal market functioning. The price of the precious metal usually rises in times of uncertainty. But last week it fell amid a broad selloff in assets as panicky investors dumped stocks, bonds and commodities in a rush for cash.

Covid-19, the disease caused by the virus, has killed more than 18,000 people world-wide, and more than 407,000 people have been infected, according to data from Johns Hopkins University. A growing number of countries and U.S. states have ordered lockdown measures to curtail its spread.

There are some early signs that the global measures to contain the virus are working, or at least helping flatten the rate of new infections, though that may change, investors said.

"It's still very early days," said Justin Onuekwusi, head of retail multiasset funds at Legal & General Investment Management. "There's a chance that once you get the arc down, the arc goes up again, and that's why the market isn't pricing that in."

The WSJ Dollar Index, which tracks the currency against a basket of others, fell 0.8%. On Monday, the gauge hit its highest closing level since 2002. Currencies including the euro, U.K. pound and Japanese yen strengthened against the dollar.

The demand for U.S. government bonds, which are seen as a haven when markets are in turmoil, also showed signs of easing. The yield on the 10-year U.S. Treasury, which moves inversely to its price, rose to 0.813%, from 0.763% Monday, according to Tradeweb.

U.S. oil futures gained 2.8% to settle at $24.01 a barrel. Crude prices have plunged by more than half so far this year due to reduced energy demand and a price war between major oil-producing nations.

Treasury Secretary Steven Mnuchin (left) and incoming White House chief of staff Mark Meadows on Capitol Hill Tuesday as the Trump administration and Congress negotiate on a coronavirus stimulus package.

PHOTO: ERIK S. LESSER/EPA/SHUTTERSTOCK

Overseas, European markets rallied, with the pan-continental Stoxx Europe 600 advancing 8.4% in its best one-day performance since 2008. Most Asian markets also closed higher, led by a 7% jump in Japan's Nikkei 225 gauge.

Write to Alexander Osipovich at alexander.osipovich@dowjones.com, Caitlin Ostroff at caitlin.ostroff@wsj.com and Joanne Chiu at joanne.chiu@wsj.com