U.S. Stocks Surge, but Dow Industrials and S&P 500 Fall for the Quarter
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The Dow Jones Industrial Average rose more than 250 points Thursday as investors sought to take advantage of depressed valuations among some of the market’s most sought-after technology stocks.

Investors bought up shares of companies including Facebook, Google parent Alphabet, Nvidia and Amazon.com, among others, on the final trading day of the quarter ahead of the Good Friday holiday.

The rally helped cut the blue-chip index’s quarterly loss—it’s first in more than two years—to 2.5%.

The index rose as much as 466 points earlier in the session before paring gains in the final hour of trading. The damage from two months of uncertainty over how rising interest rates will affect stock prices and the ramifications of trade tariffs, along with doubts whether shares of technology companies can continue to lead major indexes higher, proved too severe to overcome.

The S&P 500 fell 1.2% for the quarter, the first time in 10 quarters that either the S&P 500 or Dow posted a loss for a three-month period. The Nasdaq Composite, meanwhile, rose 2.3%, its weakest gain since the last quarter of 2016.

Investors’ willingness to buy stocks that have sharply fallen has helped to avoid exacerbating the market selloff over the past two months. And several money managers said the return of volatility, along with worries of an economic slowdown, has elevated the strategy of picking individual stocks rather than broadly investing in an index.

“These are the drops you wait for,” said John Thomas, chief investment officer of Global Wealth Management, a Fort Lauderdale, Fla.-based financial advisory firm that manages $350 million. “If you don’t own some of these great growth names, you should be looking at them as they come down.”

That helped the broad S&P 500 add 35.87 points, or 1.4%, to 2640.87 on Thursday, while the Nasdaq Composite gained 114.22 points, or 1.6%, to 7063.44. The Dow rose 254.69 points, or 1.1%, to 24103.11.

However, technology’s recent stumble, which saw some of the sector’s biggest names shed billions of dollars in market-cap value, is a stark reminder to avoid the risk of overexposure to those stocks. “You don’t want them taking over such a large part of your portfolio that you end up overweight,” Mr. Thomas added.

On Thursday, shares of technology companies in the S&P 500 rose 2.2% to lead the market higher, the sector’s first gain in three trading sessions, as investors temporarily shook off concerns of how lawmakers may try to impose new regulations to better protect the mountain of user data held by social media firms.

Shares of Facebook rose $6.76, or 4.4%, to $159.79, cutting its monthly loss to 10%, while Alphabet added 31.96, or 3.2%, to 1,037.14. Shares of Tesla rose 8.35, or 3.2%, to 266.13, and Nvidia, which declined earlier this week after it temporarily suspended testing of its driverless car technology, added 10.24, or 4.6%, to 231.59.

Amazon.com shares, meanwhile, rose after falling more than 1% earlier in the day, as President Donald Trump criticized the online retailer on Twitter over the taxes it pays, its use of the U.S. Postal Service and its impact on traditional retailers. Shares of Amazon added 15.92, or 1.1%, to 1,447.34.

While several money managers have upbeat outlooks for the second quarter, especially as companies are expected to report another quarter of strong corporate earnings, many agree that the whipsawing volatility that rocked markets in the first few months of the year is likely here to stay after its long absence throughout 2017.

The S&P 500 has suffered 11 days of declines of 1% or more so far this year, while a key measure of expected market swings, the Cboe Volatility Index, or VIX, jumped and has remained elevated. The S&P 500 is down 8% from its last record close on Jan. 26, and the Dow is off 9.1%.

“We are clearly in a higher-volatility regime, so we’ve been taking some risk off the table,” said Sébastien Page, head of global multiasset at T. Rowe Price, which he said has dialed back its exposure to growth stocks so that it is more in line with that of value stocks, or shares that tend to have slow but steady earnings growth and cheap valuations.