

Big week for US stocks as oil prices rally

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Wall Street stocks have scored their best week of 2015 so far following a rally in oil prices, good US jobs data and some significant corporate acquisitions.

For the week, the Dow Jones Industrial Average surged 659.34 points (3.84 per cent) to 17,824.29.

The broad-based S&P 500 jumped 60.48 (3.03 per cent) to 2,055.47, while the tech-rich Nasdaq Composite Index advanced 109.16 (2.36 per cent) to 4,744.40.

Analysts cited higher oil prices as a source of investor relief.

After retreating about 60 per cent over six months, the US oil benchmark contract surged more than 16 per cent over the last six sessions to finish the week at \$US51.69 a barrel.

"While the price of oil is not a primary driver of the market as a whole, the stability of the oil market is very important to the stability of the (stock) market," said David Levy portfolio manager at Kenjol Capital Management.

"With the stability in the oil market, investors are able to focus on other things that are perhaps more important."

The week's most closely-watched economic report, Friday's US jobs report for January, bested expectations by a wide margin.

The Labor Department said the US economy added 257,000 jobs in January, better than the 235,000 projected by analysts.

The report also included large upward revisions to jobs growth in November and December, making the most recent stretch the best three-month hiring period in the US since 1997.

The report also said hourly wage growth gained 0.5 per cent, a big improvement after a December drop in a category that has been closely tracked by the US Federal Reserve as a gauge of economic strength.

"It was a great number, and it really was a multidimensional report," said Jack Ablin, chief investment officer at BMO Private Bank.

"The revision of previous months was strong, and finally we had a good number on wages. It appears the job market is tightening up."

Ironically, US stocks retreated on Friday after the jobs report.

Analysts attributed the drop to profit-taking.

US stocks also were propelled following a stream of acquisitions from across different sectors, suggesting 2015 could be another strong year of dealmaking after a robust 2014.

US office supplies giant Staples announced plans to buy rival Office Depot in a deal valued at \$US6.3 billion (\$A8.07 billion).

The transaction is expected to get a close once-over from antitrust regulators after the US Federal Trade Commission rejected a marriage between the companies in 1997.

Executives from the two firms said they were encouraged by the FTC's 2013 approval of a buyout of OfficeMax by Office Depot that observed big changes to office supplies with the rise of online shopping and the expansion of Wal-Mart Stores and other chains into the market.

Pharma giant Pfizer returned to the forefront in announcing a \$US17 billion takeover of Hospira, which will add a portfolio of sterile injectable treatments and biosimilar drugs to Pfizer's broad pharma offerings.

Analysts expect more deals from Pfizer after its proposed takeover of British giant AstraZeneca failed last year.

On Friday, Harris, a supplier of military radios, announced it would acquire fellow defence contractor Exelis for \$US4.8 billion.

Next week's calendar includes a handful of big [earnings](#) reports, including from Dow member Coca-Cola, Cisco Systems and Time Warner.

The most closely-watched economic data will be the January retail sales report.

<http://www.thebull.com.au/articles/a/51929-big-week-for-us-stocks-as-oil-prices-rally.html>