DOW JONES

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Monday's Markets

Dow Industrials Jump as Bank Concerns Ebb --- First Citizens shares jump after Silicon Valley Bank deal; Treasury yields rise

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The Dow Jones Industrial Average climbed as concerns about the health of the banking sector ebbed and First Citizens agreed to buy much of Silicon Valley Bank.

The blue-chip index rose 194.55 points, or 0.6%, to 32432.08, while the broad-based S&P 500 gained 6.54 points, or 0.2%, to 3977.53. The technology-heavy Nasdaq Composite slipped 55.12 points, or 0.5%, to 11768.84.

After weeks of turmoil in the banking industry, First Citizens' deal to buy large parts of Silicon Valley Bank lifted shares of U.S. regional banks, a group that has come under intensifying pressure following SVB's collapse more than two weeks ago.

First Citizens' stock surged $313.06, or 54%, to $895.61, its largest percentage increase on record, according to Dow Jones Market data tracing back to October 1986.

Shares of First Republic Bank climbed $1.46, or 12%, to $13.82. Other regional lenders advanced as well, with PacWest Bancorp up 33 cents, or 3.5%, to $9.88, and Western Alliance Bancorp up $1, or 3%, to $34.05.

"It's a bit of a relief rally after the selloff on Friday. It's also the last week of the quarter, so I don't think we're going to see the same levels of volatility," said Michael Hewson, chief market analyst at CMC Markets.

While there are still concerns about the banking sector, there were no negative headlines over the weekend for the first time in several weeks, he added.

Stocks ended a volatile stretch with all three major indexes notching gains last week, but investors remain skittish about risk assets as they weigh central banks' fight to tame inflation against instability in the financial system. For March, the S&P 500 and Nasdaq are on course to post modest gains, while the Dow is down less than 1%.

While concerns about the banking crisis have eased, the ripple effects from the financial-system strains could lead banks to keep a tighter leash on lending to households and businesses. The impact of a tighter credit cycle and higher interest rates on consumers could bring the economy another step closer to a recession, according to Saira Malik, chief investment officer at Nuveen.

"I do think we will experience a mild recession either later this year or early next year," Ms. Malik said. She has advised clients to focus on higher-quality assets, including companies with the ability to continue to expand their dividends and emerging-market equities.

The benchmark 10-year Treasury yield climbed to 3.527%, from 3.379% at the end of last week. Bond prices and yields move inversely.

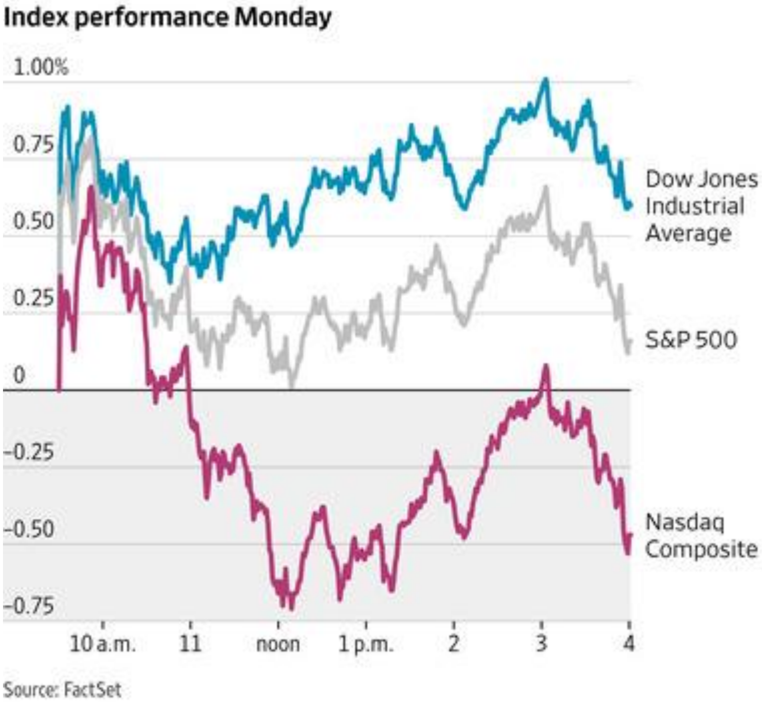
On the economic front, investors are looking ahead to this week's U.S. and eurozone inflation data for more clues on the path of monetary policy. On Friday, the Commerce Department is set to release figures on U.S. household spending and income in February, a key inflation reading that the Federal Reserve closely watches.

In commodity markets, Brent crude, the international oil benchmark, rose 4.2% to $78.12 a barrel. Oil prices are still down more than 9% in 2023.

Gold pared some of its recent gains, with the front-month gold futures contract falling 1.5% to $1,952.40 a troy ounce.

European bank stocks rose, with the Stoxx Europe 600 banking subindex up 1.5%. Deutsche Bank gained 6%, rebounding after falling 8.5% Friday on contagion fears. The pan-continental Stoxx Europe 600 Index rose 1%.

In Asia, Hong Kong's Hang Seng Index fell 1.7% after China's National Bureau of Statistics said industrial profits dropped 23% in the first two months of the year. Early Tuesday, the Hang Seng was up 0.4%, Japan's Nikkei 225 was up 0.1% and South Korea's Kospi was up 0.4%. S&P 500 futures rose 0.1%.



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