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US stocks fall as tech stock rout replaces energy stock jubilation

US stocks close lower on Thursday as the spoils of higher energy stocks post-OPEC supply cull deal fail to filter through to the wider market for a second successive session and tech stocks dropped.

The S&P 500 market bellwether closed down 0.4% at 2191 and led by Microchip Technology (NASDAQ:MCHP), down 7.5% to \$61.23 and accompanied by other tech stocks. That more than counter-balanced the gains to energy stocks such as the top gainer, Southwestern Energy Company (NYSE:SWN) up 6.9% to \$12.13.

The Nasdaq Composite ended down 1.4%, or 72 points, at 5251 having spent the session below Wednesday's closing level.

It marked the second successive session of 1% declines for the tech-heavy index. It has now shed nearly 2.5% since setting a fresh record closing high last Friday.

Technology shares have faced particularly heavy selling pressure, with the S&P 500 technology index tumbling 3.2% over the past two days.

The sector has been among the top performers this year, up by 8.9% for 2016, although investors have sought to cash in on gains as they turn wary of US President-elect Donald Trump's stance on the IT sector. But some commentators reckon Trump could prove good for tech stocks. **Read more.**

The S&P Midcap 400 closed down 0.3% at 1623 and led by semiconductors company Cirrus Logic Inc (NASDAQ:CRUS), down 10.5% at \$49.23.

The S&P Smallcap 600 ended down 0.4% at 808 and led by retailer Express Inc (NYSE:EXPR), down 20.4% at \$10.64 after the company reported weak third quarter results and a cautious holiday outlook. Express earned \$11.6m in this quarter, or 11 cents per share.

The wider small-cap Russell 2000 was down 0.7% at 1313 and Toronto's TSX Composite down 0.4% at 15,027.

Early trading

US stocks were flat on Thursday as they derived little advantage from rising oil prices in the wake of the mid-week historic OPEC supply cull deal as investors awaited non-farm payrolls on Friday - the last clutch of significant data before the Fed's rate decision in mid-December.

The market bellwether S&P 500 was unchanged at 2,200. That was disappointing considering that oil stocks had lined up to dominate the top risers in the ticker. They were led by Southwestern Energy Company (NYSE:SWN), up 7.8% at \$12.23.

But the second riser, a behemoth in the index, was also an unlikely candidate following news about higher fuel prices. Automotive Ford (NYSE:F) was up 6.5% to 12.74. Ford Motor Company's overall sales totaled 197,574 vehicles in November - a 5% increase versus last year - driven by a 10% retail sales gain with 154,114 vehicles sold. Ford F-Series has its best November since 2001 on strong F-150 and Super Duty retail demand; total F-Series sales of 72,089

Share Information

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trucks is up 11%.

The S&P Midcap 400 was up 0.4% at 1633 and led by Clarcor Inc (NYSE:CLC), up 16.9% to \$82.35. Earlier, Clarcor announced it had signed a definitive merger agreement with Parker Hannifin. Under the terms of the agreement, Parker Hannifin will acquire all of the outstanding shares of Clarcor common stock for \$83.00 per share in cash.

The S&P Smallcap 600 was up 0.4% at 815 and led by another energy stock, namely Hornbeck Offshore Services (NYSE:HOS), up 13.3% to \$5.79.

Oil itself was having a bumper time. While the US oil benchmark WTI headed a further 2.5% higher to \$50.68, having earlier marked \$51.05 - its highest since October 19 - Brent crude celebrated its highest volumes on record following Wednesday's OPEC agreement.

Exchange manager Intercontinental Exchange (NYSE:ICE) announced that ICE Brent Crude futures achieved a daily volume record of 1,963,147 contracts on November 30. The previous daily volume record was 1,526,965 contracts on July 15, 2014.

Pre-Open

With US non-farm payrolls data due out tomorrow, investors look to be in the mood to sit on their hands.

After yesterday's mixed showing, the Dow Jones is tipped to open around 14 points higher at 19,137, but the broader-based S&P 500, which shed six points yesterday, is expected to open little changed.

Oil stocks are sure to be in focus, following the landmark deal to put a cap on Opec production.

"As long as Saudi Arabia remains firmly committed to the deal, we believe that the arrangement will hold," said Helima Croft, RBC's global head of Commodity Strategy.

"As far as prices are concerned, today's deal is one of the most headline constructive OPEC announcements in recent memory. The move likely kicks off the second part of the rebalancing act, helping to draw down the global inventory glut. We maintain our view that WTI will average \$56.40/bbl in 2017, reaching the low \$60/bbl range by late 2017," Croft added.

In screen-based trading, West Texas Intermediate (WTI) crude was up 1.2% on the day at US\$50.05 a barrel.

On the corporate scene, discount retailer Dollar General Corp (NYSE:DG) was off 2.7% in pre-market trading ahead of its trading update this morning.

Clothes and accessories retailer Express Inc (NYSE:EXPR) took a shellacking in screen-based trading, tumbling 14%, as it revised its full-year outlook following third quarter results.

Like-for-like (LFL) sales fell 8% year-on-year in the third quarter, despite a 15% increase in online sales. The company is expecting things to get worse in the fourth quarter, with LFL sales tipped to be down by a "low double digits" percentage.

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