



Post-rally reflection

Stocks close little changed as market keeps consolidating after runup. Greenspan, HP, MO weigh in.

May 21, 2003: 5:44 PM EDT

By Alexandra Twin, CNN/Money Staff Writer

NEW YORK (CNN/Money) - U.S. stocks closed little changed Wednesday after a session mired in indecision following Alan Greenspan's mild commentary on the economy and a continued period of consolidation after the recent rally.

Volume was light and breadth was modestly positive. Bonds declined and the dollar found some buyers. Gold and oil prices remained high.

"The best you can say is that we're neutral today, and not down much, like we have been lately," said Joseph Battapaglia, chief stock strategist at Ryan Beck & Co. "Greenspan's remarks didn't sway the market much, we're in a heightened state of terror alert and you've got positive news for Altria, but it's not lifting other stocks outside the sector. So people are a little uneasy."

Thursday brings little to assuage that unease. While a number of retailers are due to release results, none are typical market movers. The day's one economic report is weekly jobless claims, expected to show little change. In addition, volume is expected to remain light as investors head into the Memorial Day long weekend. Stock and bond markets will be closed Monday in observance of the holiday.

Earnings from retailers [Barnes & Noble \(BKS\)](#): down \$0.18 to \$20.20, [Research, Estimates](#)) and [Foot Locker \(FL\)](#): down \$0.23 to \$11.37, [Research, Estimates](#)), as well as telecom [Ciena \(CIEN\)](#): up \$0.34 to \$5.38, [Research, Estimates](#)), are due before the open. After the close, [Gap \(GPS\)](#): up \$0.15 to \$16.65, [Research, Estimates](#)) releases its results.

Weekly jobless claims are forecast to have fallen to 415,000 last week from 417,000 the previous week, according to a consensus of analysts surveyed by Reuters.

On Wednesday, the Dow Jones industrial average (up 25.07 to 8516.43, [Charts](#)) and the S&P 500 (up 3.69 to 923.42, [Charts](#)) both closed a little higher, thanks to some blue-chip buying, while the Nasdaq composite (down 1.22 to 1489.87, [Charts](#)) closed nearly where it opened. Stocks had traded on both sides of breakeven throughout the session, never finding a clear direction.

Strength in several of its 30 members made the Dow more buoyant than the broader market. Hewlett-Packard gained after its earnings report late Tuesday and Altria rose along with other tobacco shares after a court overturned a landmark ruling against the industry.

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But weakness in Nasdaq technology shares kept that index spinning its wheels, particularly after Cisco was downgraded.

Investors' response to Alan Greenspan's morning testimony before the Joint Economic Committee of Congress was muted. The Fed chairman acknowledged the continued weakness of the economy, but said that stronger growth forecasts weren't out of the question.

"I think the market today is just perpetuating the uncertainty we've seen in the last few weeks after it hit its highs earlier in the month," said Scotty George, chairman at du Pasquier Asset Management.

Greenspan cautiously optimistic

Most investors who tuned in to hear Greenspan in the morning were hoping to hear hints about the potential for near-term interest rate cuts, the Fed's stance on the weakening dollar, and whether or not the central bank believes an economic recovery is in the works.

But, cautious as ever, Greenspan spoke of an economy that "continues to be buffeted by strong crosscurrents" and said the timing and extent of a [recovery](#) cannot yet be determined. Once again, he mentioned the risk of slowing inflation, though he said it was minor.

Following his prepared statement, Greenspan answered questions from members of the committee on a variety of issues. Regarding the potential for deflation, fears of which have pressured stocks lately, Greenspan said it is not an imminent dangerous threat, but a risk and a possibility that requires "close scrutiny."

Greenspan had little to say about the fate of the dollar, whose value has declined lately. He gave few hints that the central bank will cut rates at its next meeting. Many on Wall Street expect the Federal Open Market Committee to lower the fed funds rate by at least one-quarter percentage point when it meets June 24-25, but some have speculated the cut might be a more aggressive half-percentage point.

"I think long term, even though we're down today, you're seeing some energy and drug stocks responding in a way that suggests the market believes he is going to cut rates again this year," George said.

Investors also showed signs of caution after the nation's terror alert level was raised Tuesday to "high," following a series of bombings in the Middle East and North Africa in the past week or so, as well as intelligence reports that terrorists may be planning an attack on U.S. soil.

Altria jumps, Cisco falls

[Altria \(MO\)](#): up \$3.39 to \$38.30, [Research](#), [Estimates](#)) jumped 9.7 percent, and was the Dow's best gainer, after a Florida appeals court [overturned](#) a \$145 billion judgment against major U.S. tobacco companies. The stock was one of many in the tobacco sector surging on the announcement.

[Alcoa \(AA\)](#): up \$0.77 to \$22.92, [Research](#), [Estimates](#)) gained 3.5 percent after J.P. Morgan upgraded the aluminum production leader to "overweight" from "neutral" and added the stock to its U.S. Focus list.

[Hewlett-Packard \(HPQ\)](#): up \$0.89 to \$17.94, [Research](#), [Estimates](#)) rallied 5.2 percent after its upbeat earnings report. Not only did the company's fiscal second-quarter earnings [exceed expectations](#), but HP also reaffirmed Wall Street's estimates for the second half of its fiscal year.

Despite the benefit of HP, the technology sector didn't fare so well. [Cisco Systems \(CSCO\)](#): down \$0.29 to \$15.70, [Research](#), [Estimates](#)) lost 1.8 percent after Deutsche Bank Securities downgraded the stock to "hold" from "buy," saying it has seen such a runup recently that its current price is too expensive.

[Microsoft \(MSFT\)](#): down \$0.60 to \$24.03, [Research](#), [Estimates](#)) also lost 2.4 percent and was the Nasdaq's

No. 2 most active, edging lower in tandem with other technology shares. The stock is the Nasdaq's most heavily-weighted issue and is also a Dow member.

The [dollar](#) rose against the euro and the yen and [bonds](#) fell after rallying on Tuesday. The 10-year note was down 11/32 of a point in price, its yield at 3.40 percent.

Market breadth was positive, with advancers beating decliners 10 to 7 on the New York Stock Exchange and 8 to 7 on the Nasdaq. NYSE volume was 1.10 billion shares and some 1.27 billion shares traded on the Nasdaq.

In the commodities markets, light sweet crude [oil](#) gained 62 cents to \$29.03 a barrel in New York. [Gold](#) advanced \$5.70 to \$372.20 an ounce in New York.

[European stock markets](#) fell, as did stocks in [Asia](#) overnight. ■

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WANT TO SEE WHAT A BEAR
DOES IN THE WOODS?

Dollar drags down stocks

Major indexes tumble amid drop in U.S. dollar after weekend G7 meeting, profit taking after rally.

September 22, 2003: 5:43 PM EDT

By Alexandra Twin, CNN/Money Staff Writer

NEW YORK (CNN/Money) - U.S. stocks fell Monday, with weakness in the U.S. dollar following this weekend's G7 meeting giving investors an incentive to take profits on the rally's most recent leg.

"I think the market right now is not only bumping up against economic concerns -- such as the currency issue today -- but also technical ones, making it perhaps a good time to be on the sidelines," said Scotty George, chairman at du Pasquier Asset Management.

"Stocks have run up so far, so quickly that it's reasonable for investors to want to take some profits right now," George added.

That selling pressure could perhaps continue over the next few sessions. With no new economic data expected until Thursday, markets are likely to trade on momentum and earnings news as the quarter winds down. Among the factors likely to influence trade early Tuesday: earnings reports from three brokerage firms due before the bell.

[Goldman Sachs \(GS\)](#): down \$1.07 to \$92.66, [Research, Estimates](#)) is forecast to have earned \$1.22 per share, up from \$1 a year earlier; [Lehman Brothers \(LEH\)](#): down \$0.44 to \$70.21, [Research, Estimates](#)) is expected to have earned \$1.35 per share, up from 70 cents a year earlier; [Morgan Stanley \(MWD\)](#): down \$1.23 to \$51.15, [Research, Estimates](#)) is expected to have earned 69 cents per share, up from 55 cents a year earlier.

Monday's market

All three major indexes closed lower. The Nasdaq composite (down 31.08 to 1874.62, [Charts](#)) lost 1.6 percent, while the Dow Jones industrial average (down 109.41 to 9535.41, [Charts](#)) lost 1.1 percent and the Standard & Poor's 500 (down 13.48 to 1022.82, [Charts](#)) index lost 1.3 percent.

The [dollar](#) fell about 1.5 percent from late Friday to about ¥112.11. The dollar gained modestly on the euro, with the European currency buying \$1.1470, down from \$1.1475 late Sunday.

After rising sharply last week to new multimonth highs, stocks were perhaps vulnerable to some consolidation, and nervousness following the weekend meeting of the Group of Seven (G7) certainly

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provided the vehicle.

Finance ministers [meeting](#) in Dubai, United Arab Emirates, called for more flexibility in the exchange rate and basically showed disapproval of countries that seek to manipulate their currency to protect their exports. That was seen as referring to a number of Asian countries in particular.

The dollar's decline this year has partly been stemmed by the fact that Asian governments, in particular Japan, have intervened to prevent the U.S. currency from weakening too much, which would then hurt the competitiveness of their exports in world markets. The concern is that if they won't be intervening any more, the dollar could fall even more.

That concern sent the dollar lower versus other major currencies, pressured international stock exchanges and U.S. Treasuries, and also drew new buyers into gold -- all of which conspired to send U.S. stocks lower.

However, stocks may have been set for some sliding after hitting new multimonth highs last week. Despite a slight decline last Friday, all the major indexes closed the week higher, due to a big surge earlier in the week that put the Nasdaq at an almost 18-month high and the Dow and S&P 500 at an almost 15-month high.

"The story of the day is certainly the G7 meeting, but I think it's a short-term negative," said Peter Cardillo, director of research at Global Partners Securities. "This is giving investors a good excuse to take money off the table after the recent rally."

Stocks on the slide

Among specific issues, companies particularly dependent on exports, like technology and automakers, led the decliners.

Market breadth was decidedly negative, with losers beating winners by three to one on the New York Stock Exchange, where 1.23 billion shares traded, and by eleven to five on the Nasdaq, where 1.70 billion shares traded.

On the Dow, 26 out of 30 stocks declined.

Components [Microsoft \(MSFT\)](#): down \$0.89 to \$29.07, [Research, Estimates](#)) and [Intel \(INTC\)](#): down \$0.65 to \$28.52, [Research, Estimates](#)) fell 3 percent and 2.2 percent, respectively. The two are Dow members and also trade on the Nasdaq. [Alcoa \(AA\)](#): down \$0.79 to \$27.66, [Research, Estimates](#)) and [Hewlett-Packard \(HPQ\)](#): down \$0.85 to \$20.30, [Research, Estimates](#)) were the other big Dow decliners. Alcoa lost 2.8 percent, while HP lost 4 percent.

[3M \(MMM\)](#): up \$0.14 to \$142.12, [Research, Estimates](#)), [Eastman Kodak \(EK\)](#): up \$0.15 to \$27.95, [Research, Estimates](#)) and [Coca-Cola \(KO\)](#): up \$0.06 to \$43.24, [Research, Estimates](#)), companies whose business would benefit from the weaker dollar, managed to stay above the breakeven line.

In addition, [AT&T \(T\)](#): up \$0.38 to \$22.88, [Research, Estimates](#)) stock gained 1.7 percent and was one of few Dow gainers after the telecommunications company said it would buy back \$1.1 billion of debt.

Also on the upside, [Motorola \(MOT\)](#): up \$0.97 to \$12.06, [Research, Estimates](#)) rallied 8.8 percent and topped the NYSE's most-active list after the company's CEO said Friday he will retire following a disagreement with the company's board regarding strategy. In response, at least five brokerage firms upgraded the stock Monday, seeing the move as a positive for the company.

[Sun Microsystems \(SUNW\)](#): down \$0.14 to \$3.96, [Research, Estimates](#)) and [Applied Materials \(AMAT\)](#): down \$0.81 to \$19.67, [Research, Estimates](#)) both lost more than 3 percent in active Nasdaq trade.

[Treasury](#) prices fell sharply, sending the 10-year note yield up to 4.23 percent from 4.16 percent late Friday.

NYMEX light crude oil [futures](#) rose 12 cents to settle at \$27.19 a barrel. COMEX gold gained \$5.40 to settle at \$388.30.

The ascendant yen punished Asian markets. In particular, Tokyo's Nikkei index [fell](#) 4 percent Monday, its worst loss in two years. [European](#) markets also closed much weaker. ■

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Market regroups by close

Major indexes close nearly unchanged one session after Dow, S&P 500 nearly hit 19-month highs.

December 17, 2003: 5:31 PM EST

By Alexandra Twin, CNN/Money Staff Writer

NEW YORK (CNN/Money) - U.S. stocks ended the session little changed Wednesday, with investors keeping the market in a tight range one session after pushing the Dow and the S&P 500 index to their highest levels in nearly 19 months.

The Dow Jones industrial average (up 15.70 to 10145.26, [Charts](#)) and the Standard & Poor's 500 (up 1.35 to 1076.48, [Charts](#)) index both gained a little more than 0.1 percent, while the Nasdaq composite (down 2.96 to 1921.33, [Charts](#)) closed down 0.15 percent.

"The market has been in a lateral consolidation for the last six to eight weeks, and we're seeing a continuation of that," said Scotty George, chairman of du Pasquier Asset Management. "Having broken through some technical resistance levels, it is appropriate that there has been some profit-taking. But the general trend of the market remains positive longer-term."

The combination of a natural pullback from Tuesday's rally, the continued weakness in the U.S. [dollar](#) and traders' maneuvers ahead of Friday's "[quadruple witching](#)" day all kept the market circling the break-even line for most of Wednesday.

Quadruple witching refers to the day when stock index futures, stock index options and individual stock futures and options all expire simultaneously. Ahead of this, it is not uncommon to see wild gyrations in prices in the underlying stocks.

Some of the jitters seemed to take the shine off the day's upbeat earnings reports from a pair of brokerages and a stellar debut for the biggest initial public offering of the year.

Two more brokerages are due to report earnings Thursday morning, [Goldman Sachs](#) ([GS](#): [Research](#), [Estimates](#)) and [Morgan Stanley](#) ([MWD](#): [Research](#), [Estimates](#)). According to First Call estimates, Goldman is forecast to have earned \$1.54, up from 98 cents a year earlier, while Morgan Stanley is expected to have earned 90 cents, up from 81 cents a year earlier.

Before-hours economic reports on employment, manufacturing and leading indicators are also likely to influence trade Thursday.

The number of Americans filing new claims for unemployment is forecast to have fallen last week to 365,000

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from 378,000 the previous week, according to a Briefing.com survey of economists.

The index of leading economic indicators is forecast to show a rise of 0.3 percent in November, after rising 0.4 percent in October. The Philadelphia Fed index, a regional manufacturing survey, is expected to have declined to 25.0 in December from 25.9 in November.

What's moving?

The period of reporting fourth-quarter earnings got off to a mixed start. Brokerages [Bear Stearns](#) ([BSC](#): up \$2.10 to \$76.60, [Research](#), [Estimates](#)) and [Lehman Brothers](#) ([LEH](#): down \$1.17 to \$73.39, [Research](#), [Estimates](#)) both reported better-than-expected profit, while electronics retailers [Best Buy](#) ([BBY](#): [Research](#), [Estimates](#)) and [Circuit City](#) ([CC](#): [Research](#), [Estimates](#)) delivered weaker results.

"Today, there isn't any economic news, and the earnings news is having an impact on those stocks but not the broader market," said Douglas Altabef, managing director at Matrix Asset Advisors.

Bear Stearns [earned](#) \$2.19 a share, up from \$1.50 a year ago and better than the \$1.80 First Call analysts were expecting, while Lehman earned \$1.71 a share, up from 69 cents a year earlier and better than the \$1.57 expected. The stocks split directions, with Bear Stearns rallying 2.8 percent and Lehman shedding 1.6 percent.

While the news was good for those two, it wasn't particularly surprising, considering the recent strength in the industry, Altabef said.

"It's important in that it continues the sense that there's more mortgage activity, more IPOs," Altabef added.

The IPO market continued to impress. [China Life Insurance](#) ([LFC](#): [Research](#), [Estimates](#))'s American depositary shares were the NYSE's most actively traded in the life insurer's first session as a publicly traded company. It raised \$3 billion in the year's biggest IPO, and the stock soared to \$23.72 from its IPO price of \$18.68. It was one of several IPOs [debuting](#) Wednesday.

In other news, Best Buy [earned](#) 37 cents per share, in line with estimates and up from 27 cents a year earlier, and Circuit City lost 12 cents a share, wider than the 7-cent-per-share loss First Call analysts were expecting and steeper than the 10-cent-per-share loss it posted a year earlier. Best Buy gained 4 percent, but Circuit City tumbled 6.7 percent.

Market breadth was mixed. On the New York Stock Exchange, where 1.39 billion shares traded, winners outnumbered losers by more than nine to seven. On the Nasdaq, decliners edged advancers on volume of 1.47 billion shares.

[Treasury](#) prices edged up, pushing the yield on the 10-year bond down to 4.17 percent from 4.21 percent late Tuesday. (Prices and yields move in opposite directions.) The [dollar](#) set another all-time low versus the euro before pulling back slightly and also declined against the yen.

Among [commodities](#) markets, NYMEX light sweet crude oil futures rallied 44 cents to settle at \$33.39 per barrel. COMEX gold gained \$4.30 to settle at \$412.70 an ounce. ■

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