

Stocks log late-day gain after wobbly trading



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NEW YORK – About halfway through first-quarter earnings reports, Wall Street still isn't sure where the economy is headed.

The Dow Jones industrials closed Thursday with a late gain of about 71 points, or 0.9 percent, but only after another day of shaky, back-and-forth trading. It was almost the exact opposite of Wednesday's pattern, when stocks waffled throughout the day and then sank late in the afternoon.

Ryan Detrick, senior technical strategist at Schaeffer's Investment Research, said the late-day moves have not been driven by late-breaking news but by investors holding off on their trades for the day until the last minute.

The market's movement over the past week — choppy, but sticking within a range — indicates that investors are largely hopeful but still cautious after driving stocks up more than 20 percent from March's 12-year lows.

Earnings from several leading companies were moving the market, including Apple Inc., EBay Inc. and PNC Financial Services Group Inc. PNC's results helped lift other bank stocks including JPMorgan Chase & Co., Bank of America Corp. and Wells Fargo & Co.

Poor results from other companies though, such as UPS Inc. and steelmaker Nucor Corp., signaled trouble, and economic data was downbeat. Sales of existing homes fell 3 percent in March, and claims for both new and continuing unemployment benefits rose last week.

Meanwhile, a big unknown still looms over the market: The results of the government's "stress tests," which will measure banks' ability to survive severe loan losses. The Federal Reserve is expected to explain its methodology for the tests on Friday and release results on May 4.

"The most important thing that everybody's looking for is clarity — good, bad or indifferent," said Anthony Conroy, managing director and head trader for BNY ConvergEx Group.

On Thursday, the Dow finished up 70.49, or 0.9 percent, to 7,957.06, making up most of Wednesday's loss of 83 points.

The biggest gainer in the Dow was American Express Co., which rose \$1.54, or 7.9 percent, to \$20.97 ahead of its earnings report. After the market closed, the credit card issuer posted a profit that topped

analysts' expectations, and its stock rose another 8 percent in after-hours trading.

Broader stock indicators also closed moderately higher. The Standard & Poor's 500 index rose 8.37, or 1 percent, to 851.92, and the Nasdaq composite index rose 6.09, or 0.4 percent, to 1,652.21.

The Russell 2000 index of smaller companies, however, fell 4.09, or 0.9 percent, to 466.62.

The National Association of Realtors reported that home sales fell 3 percent to an annual rate of 4.57 million in March from a revised pace of 4.71 million units in February. And the Labor Department reported a rise in new unemployment claims last week that was more than expected. The number of workers continuing to file claims for jobless benefits topped 6.13 million — the 12th straight weekly record.

Ken Winans, president and chief executive of Winans International in Novato, Calif., said investors have been too quick to predict the end of the recession given difficulties like the glut of available homes and mounting unemployment.

"The stars are not all going to align," Winans said of economic readings. "Bottoms take time."

Still, traders have been taking some comfort from companies that have so far navigated the recession with success.

PNC bank rose \$2.87, or 7.5 percent, to \$40.93 after reporting a surprising 22 percent rise in first-quarter profit, boosted by its acquisition of National City Corp. and lower funding costs.

In other positive earnings news, Raytheon rose \$2.74, or 6.6 percent, to \$44.04 after raising its full-year earnings forecast and seeing stronger sales of missiles, radars and defense electronics.

Meanwhile, Apple rose \$3.89, or 3.2 percent, to \$125.40, while eBay rose \$1.84, or 12.5 percent, to \$16.62. Good results at both companies raised expectations that some consumers will continue to spend on gadgets and other goods.

Other earnings reports were more troubling.

UPS fell \$1.42, or 2.6 percent, to \$53.33 after earnings fell more than 55 percent as fewer people sent packages and used premium services like next-day air. UPS also warned second-quarter results will fall short of expectations.

And Nucor Corp., the largest U.S. steel producer, posted its first loss ever due to tumbling demand, and forecast an even wider loss for the second quarter. Nucor shares fell \$4.07, or 9.2 percent, to \$40.

About three stocks rose for every two that fell on the New York Stock Exchange, where consolidated volume came to 6.47 billion shares, down from 7.15 billion shares Wednesday.

In addition to American Express, Microsoft Corp. and [Amazon.com](http://www.amazon.com) Inc. reported earnings after the market closed. Microsoft's results came in below analyst forecasts, but its shares rose in after-hours trading. Amazon's results beat forecasts, and its shares also rose.

Bond prices rose, pushing the yield on the benchmark 10-year Treasury note down to 2.93 percent from 2.94 percent late Wednesday.

Light, sweet crude rose 77 cents to \$49.62 per barrel on the New York Mercantile Exchange.

The dollar was mostly lower against other major currencies, while gold prices rose.

Overseas, Britain's FTSE 100 fell 0.3 percent, Germany's DAX index fell 1.2 percent, and France's CAC-40 fell 0.6 percent. Japan's Nikkei stock average rose 0.22 percent.

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