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Traders look past data to measure mood of market

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The weekly calendar holds little meaning on Wall Street these days.

Traders and investors who normally plot their course around expected economic figures and corporate announcements are trying to hang on in a market that isn't being corralled by the usual forces. These days, fear does the driving.

Each week brings speculation about a possible turnaround. But as stocks grind lower, traders stop asking "When will it bottom?" and simply mutter "How long until the closing bell?"

Analysts don't expect the coming week to be an exception. Investors are focused on trying to detect whether there's any shift away from the market's overriding pessimism. In that kind of environment, economic reports hardly seem to matter, analysts say.

"We all know what data is coming out. And we're all expecting it to be terrible. Data is not going to make anybody come off the sidelines," said Jeffrey Frankel, president of Stuart Frankel & Co., from his post on the floor of the New York Stock Exchange.

The safe bet in recent weeks has been to just expect more selling.

"Everyone is just getting accustomed to 'yesterday's lows are today's highs,'" Frankel said.

Last week, the Dow Jones industrial average tumbled 6.2 percent, the Standard & Poor's 500 index lost 7 percent and the Nasdaq composite index fell 6.1 percent. The punishing slide has left the Dow and S&P 500 down by more than half from their October 2007 peaks. That makes it the second worst run since 1929-32, when the Dow lost more than 85 percent.

The market has pounded traders trying to make a case that stocks are at a bottom.

"Every professional feels that we're so oversold and that we're going to have a rally," Frankel said. But, he added, "No one really wants to put their money to work here. Everyone is just getting whacked."

Ken Winans, president and chief executive of Winans International in Novato, Calif., said relentless selling is going to make it harder for stocks to recover because distrustful investors will see any early rally as a head-fake.

"It's going to be like pulling a mule away from water to get people back into this market," Winans said.

Investors hold reason to be skeptical. From late November to early January, stocks jumped more than 20 percent. But the gains soon evaporated and Wall Street skidded past its November lows as investors wrestled with the stability of banks and prospects for the economy.

"It is week-to-week trench warfare. No one is looking long-term anymore," Winans said.

Wall Street is also writing off good news.

"There's a bias right now toward the negative. Even when there is relatively good news it's just enough for a stock to hold its position, not spark a rally," Winans said.

Market historians note that this kind of pessimism has been fertile ground for rallies in past recessions.

"The negativity is as high as I've seen it. Any professional trader would tell you that's a good thing. Maybe that will make people come to the dance," Frankel said.

But Frankel and other analysts caution that investors aren't likely to feel emboldened until they find answers to nagging questions about the soundness of banks and housing.

Investors are still looking to the government for insight into what will happen with the nation's biggest financial companies and its bloated home inventory.

"Until we get that I think we're going to slide," Frankel said. "We're in uncharted waters."

A light flow of economic and corporate numbers this week might not be of much help to investors looking for direction.

A Commerce Department report on wholesale inventories is due Tuesday. The figures represent goods held by distributors who generally buy from manufacturers and sell to retailers. When the numbers fall, economists expect layoffs to increase as production slides.

On Thursday, the department reports on retail sales for February and business inventories for January.

Reports are due Friday on international trade and consumer sentiment.

And grocery chain Kroger Co. and office supplies retailer Staples Inc. are expected to report quarterly results.

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