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Health Care Weighs on Stocks

By Kristina Peterson

U.S. stocks pared much of their slender gains in light trading Thursday, weighed down by health-care stocks as insurance companies dropped after a White House meeting.

The Dow Jones Industrial Average was recently up 13 points, or 0.1%, at 10411. Walt Disney was the measure's best performer, up 2.5%, after Bank of America Merrill Lynch raised its investment rating on the stock to "buy" from "neutral", calling it "one of the most compelling equities in Media and Entertainment" heading into fiscal 2011. Boeing and Coca-Cola both received ratings upgrades from UBS and were among the Dow's other top performers. Boeing climbed 1.4% while Coca-Cola rose 1.2%.

Meanwhile, the Dow's technology components slipped. Intel fell 1.1%, while International Business Machines declined 0.8%.

The Nasdaq Composite was flat. The Standard & Poor's 500-stock index rose less than one point. Its financial and consumer sectors led the upside. Meanwhile, energy stocks slid as crude-oil prices fell after settling Tuesday at their highest level since mid-January.

Health-care stocks also tumbled, led by a fall from insurance companies, after executives entered a meeting with U.S. Health and Human Services Secretary Kathleen Sebelius at the White House. White House spokesman Robert Gibbs said President Barack Obama hopes to see the House approve health-care legislation by March 18. UnitedHealth Group fell 1.2%, Aetna was down 2% and Cigna also fell 2%.

Meanwhile, financial stocks gained after investors poured into the Greek government's 10-year bond offering. If successful, the bond offering would provide major relief for Greece, increasing the likelihood that the nation can get through the year without needing to draw on financial help from the European Union or the International Monetary Fund. Goldman Sachs, which drew attention for debt swaps that enabled the Greek government to use favorable exchange rates to record some of its debt, rose 2.9%.

Yu-Dee Chang, chief principal at ACE Investment Strategies, said the response to the bond offering was reassuring, but that other euro-zone countries are already expected to help Greece.

"They're just not a tremendous part of the world economy," he said. And traders are particularly reluctant to make major moves in wake of the morning's mixed economic data and ahead of Friday's key jobs report.

"I don't think people want to be committed in either direction today—or for the past three days," he said. Around noon, only 1.9 billion shares had traded on the NYSE Composite, putting it on track to fall short of the 2010 daily average of 5.1 billion shares.

Investors were pleasantly surprised Thursday as a number of retailers, especially those geared to teen shoppers, reported improved sales in February, thanks to easy year-ago comparisons. Among the companies that handily topped expectations, Zumiez shares jumped 14%, while Abercrombie & Fitch climbed 11% and Aeropostale rose 7.1%.

Also boosting sentiment, there was a slightly bigger drop in weekly jobless claims than economists had predicted, while non-farm business productivity rose by a bigger-than-expected seasonally adjusted annual rate.

However, other reports disappointed the market. Factory orders rose in January but the increase was weaker than anticipated. Meanwhile, an indicator of pending home sales slipped more than expected in January as "abnormal weather conditions" hurt sales.

In other markets, the dollar strengthened against both the euro and the yen. The U.S. Dollar Index, which represents the greenback against a basket of six other currencies, gained 0.8%. Gold futures fell and Treasury prices were mixed. The two-year note was recently down 2/32 to yield 0.847% while the 10-year note was up 4/32 to yield 3.606%.

Past performance is not necessarily indicative of future results. The risk of loss exists in futures trading.