



Stocks in narrow range after price, jobs data

By STEPHEN BERNARD
March 18, 2010

NEW YORK — Stocks are trading in a narrow range Thursday after a fresh batch of economic reports showed the economy continues to slowly regain its strength.

The slightly positive reports on inflation, jobless claims and leading indicators are being tempered by fresh concerns about debt problems in Greece.

Stocks have steadily moved higher over the past five weeks on similar economic reports, although the data hasn't shown signs of strong growth.

"The market has been grinding higher on what has been benignly positive news," said Alan Gayle, senior investment strategist for RidgeWorth Investments. "There is a growing sense the economy is plodding along in the right direction."

In afternoon trading, the Dow Jones Industrial average rose 9.37, or 0.1 percent, to 10,743.04. The Standard & Poor's 500 index fell 4.20, or 0.4 percent, to 1,162.01, while the Nasdaq composite index fell 2.65, or 0.1 percent, to 2,386.44.

The Dow is looking to close higher for the eighth straight day.

A drop in oil prices was dragging down energy companies including Chevron Corp. and ExxonMobil Corp., Manufacturing companies got a boost after a report showed the sector expanded in the Mid-Atlantic region for the seventh straight month in March.

The Labor Department said the Consumer Price Index was unchanged in February. Excluding volatile energy and food prices, the CPI rose 0.1 percent. Economists polled by Thomson Reuters, on average, forecast a rise of 0.1 percent in both figures.

The slow economic recovery and continued high unemployment have kept prices in check.

It was the second straight day the Labor Department reported tame inflation figures. On Wednesday, the government reported that wholesale prices barely rose in February.

The Federal Reserve has said inflation is expected to remain low for quite some time. That will allow the central bank to keep interest rates low to help try and drive economic growth. Low rates are also favorable for stocks and other riskier investments like commodities.

Gains over the past couple of days came after the Fed said it would keep its federal funds rate near zero and noted the economy is showing more signs of improvement.

High unemployment is likely to be the biggest stumbling block for strong, sustained growth. The Fed isn't expected to start hiking rates until job creation is consistent.

The Labor Department also said Thursday that initial jobless claims fell by 5,000 to a seasonally adjusted 457,000 last week. Economists were expecting claims to fall to 455,000.

Although the numbers came up just short of expectations, they marked the third straight week of declines. That provides evidence that layoffs are slowing and employers could start hiring new workers soon.

Initial claims have hovered around the 450,000 mark in recent weeks, which Gayle called a "tipping point" between employers adding or cutting jobs.

In other reports, a gauge of future economic activity rose at its slowest pace in 11 months, indicating the economy isn't expected to surge anytime soon. The Conference Board's index of leading indicators rose 0.1 percent in February, matching analysts' expectations.

Economic data has largely been falling in line with expectations in recent weeks, leaving little room for quick gains or losses on very upbeat or discouraging reports. Stocks have been grinding higher over the past five weeks, with the Dow up about 825 points during that time. All three major indexes closed Wednesday at their highest levels since 2008.

Thursday's economic reports are being offset somewhat by the latest worries in Greece. The country warned it might turn to the International Monetary Fund for support if European leaders can't agree to a bailout plan next week.

Worries about Greece's debt have weighed on the market off and on for nearly two months as the country tries to sort out billions of dollars in budgetary gaps. Overseas markets were mixed.

"That's why you're seeing a little bit of resistance," Greg Merlino, president of Ameriway Financial Services, said about Greece. "Whenever we hear Greece, we get this knee-jerk reaction, is this the first domino to fall?"

There are concerns debt problems could spill over to other weak European countries like Spain and Portugal. The dollar rose against the euro and other currencies.

In corporate news, FedEx Corp. said its fiscal third-quarter profit more than doubled. It also raised its full-year earnings forecast, which brought it in line with analysts' expectations.

FedEx is considered a bellwether for the economy because of the variety of products it ships. Shares rebounded from a weak start and are now up 28 cents at \$90.08.

Nike Inc. shares spiked a day after the athletic apparel maker said fiscal third-quarter profit on sales growth in emerging markets. Nike jumped \$3.94, or 5.6 percent, to \$74.82.

About three stocks fell for every two that rose on the New York Stock Exchange, where volume came to 410.8 million shares, compared with 438.3 million traded at the same point Wednesday.

Volume and volatility may pick up in the next two days with the simultaneous expiration of several types of options contracts.

Yu-Dee Chang, president and chief traders at ACE Investment Strategists, said the expiring contracts could push the S&P 500 into the 1,170 to 1,175 range in the short-term.

Bond prices were little changed. The yield on the benchmark 10-year Treasury note, which moves opposite its price, rose to 3.67 percent from 3.64 percent late Wednesday.

Gold rose slightly.

The Russell 2000 index of smaller companies fell 2.35, or 0.3 percent, to 681.63.

Overseas, Japan's Nikkei stock average fell 1 percent. Britain's FTSE 100 fell 0.1 percent, Germany's DAX index dropped 0.3 percent, and France's CAC-40 fell 0.5 percent.

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