

Stocks waver on tech gains, consumer fears

By Melinda Peer, TheStreet
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Stocks were fluctuating as investors weighed strong earnings from technology companies and an unexpected decline in consumer sentiment.

At 1:03 p.m. ET, the Dow Jones Industrial Average was down 2.6 points at 10,592. The S&P 500 was little changed at 1,125. The Nasdaq was rising by 9.3 points, or 0.4%, to 2,313.

Stocks have been rallying in September as better-than-expected economic data have abated concerns of a second recession. However, investor enthusiasm is waning as the economic recovery appears to be slowing.

Yu-Dee Chang, chief principal at ACE Investment Strategists, said investors will have to be patient and ride out the weakness.

"We cannot rush to see a nice recovery. The damage is just too much this time," Chang said.

The Thomson Reuters/University of Michigan consumer sentiment index fell to 66.6 this month, its lowest level in more than a year, down from 68.9 in August. Economists had expected the gauge to rise to 70.5. Consumer spending accounts for two-thirds of U.S. gross domestic product, and a weak sentiment reading implies that Americans could be reluctant to open their wallets.

Prices consumers pay for goods and services rose 0.3% in August after a similar increase in July, the Labor Department said. Excluding volatile food and energy prices, the core rate was unchanged, coming in slightly lower than the increase of 0.1% that economists had expected, according to Briefing.com. In July, the core rate rose 0.1%.

DuPont (DD) was the top-performing stock in the Dow, advancing 1.6%, followed by United Technologies (UTX) and Walt Disney (DIS). JPMorgan (JPM) was the benchmark's biggest laggard, falling 1.9%.

Technology stocks were rising after Oracle (ORCL) and Research In Motion (RIMM) reported better-than-expected quarterly results late Thursday. Oracle shares were jumping 7.2% to \$27.18, while Research In Motion shares were climbing 1.9% to \$47.40.

Hewlett-Packard (HPQ) is close to picking a successor, possibly an internal candidate, to former chief executive officer Mark Hurd, Bloomberg reported. Hewlett-Packard shares were falling 1.9% to \$39.60.

Johnson & Johnson (JNJ), which owns nearly 18% of Dutch biotech company Crucell (CRXL), will acquire the rest of the company for \$2.3 billion. Johnson & Johnson shares were little changed at \$61.28. Crucell shares were soaring 55% to \$31.81.

Enterprise software company Novell (NOVL) is apparently in late-stage talks with at least two buyers -- including VMware (VMW) -- to sell the company in separate pieces, according to The Wall Street Journal. Novell shares were up 0.6% at \$6.09, while VMware's were down 0.3% to \$84.50.

Late Thursday, Texas Instruments (TXN) announced plans to increase its quarterly dividend by 8% and buy back \$7.5 billion worth of its stock. The shares were rising 2.4% to \$25.58.

Caterpillar (CAT) reported strong retail sales in August, with the North American region seeing the steepest uptick since the recession began rising 40%. The shares were up 1.2% at \$72.88.

Blockbuster was in focus on reports that activist investor Carl Icahn is looking at having a bigger say in the company's restructuring as he holds over a third of its debt.

In commodity markets, crude oil for October delivery was falling by \$1.01 to \$74.57 a barrel.

The December gold contract, the most actively traded gold future, was rising by \$4.70 at \$1,278.50 an ounce.

The dollar was gaining against a basket of currencies, with the dollar index down by 0.2%.

The 10-year Treasury note was up by 8/32, diluting the yield to 2.735%, following low inflation numbers and declining consumer confidence.

The FTSE in London and the DAX in Frankfurt were each down 0.6%. Hong Kong's Hang Seng rose 1.3%, while Japan's Nikkei jumped 1.2%.

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