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Wall Street Falters; Dollar Strengthens

By Jack Healy
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Stocks wandered on Tuesday as investors balanced an improvement in housing prices against a decline in consumer confidence — indicators that painted a muddled picture of the economy's recovery.

A closely watched measure of single-family home prices showed that prices inched up in July, and that the decline from last summer was smaller than previous months. But consumer confidence dipped in September after rising a month earlier, according to a report from the Conference Board, as people got more pessimistic about the job market and business conditions.

At 1:30, the Dow Jones industrial average was down 7 points. The broader Standard & Poor's 500-stock index was a point or so higher and the Nasdaq were off about the same. The indexes, which surged on Monday, spent much of the morning dancing between positive and negative territory as investors mulled the competing reports.

A decline in oil prices hurt oil companies like Sunoco, Hess and Murphy Oil, whose shares helped to lead the markets lower.

Markets in Asia closed mostly higher, and shares in London, Paris and Frankfurt were mixed.

After a weak report on sales of previously owned homes last week, the Standard & Poor's Case-Shiller home price index showed that the housing market was gaining some ground, in part because of first-time buyers drawn in by \$8,000 tax credits. Tumbling prices have stabilized in many metropolitan areas, and were even inching up in hard-hit cities like Phoenix, Los Angeles and Miami.

The bump in home prices buoyed home builders like KB Home and Lennar, whose shares have skidded over the last year as the housing market collapsed.

But the report on consumer confidence tempered some of that enthusiasm. Consumer spending constitutes some 70 percent of the economy, and analysts worry that a recovery could be sluggish and unemployment could remain high if pessimistic consumers keep their wallets snapped shut.

Despite the day's declines, Randy Cass, founder of the research firm First Coverage, said sentiment among sell-side firms, which sell securities, had climbed about 3 percent over the last month, and was steadily positive, but not ebullient.

"People aren't rallying around the market right now, but they're not abandoning it," Mr. Cass said. "They're not suggesting to their client base that this thing's going to end anytime soon."

While stocks wavered, the dollar regained some of the ground it had lost over the last month. Investors who fled the dollar for investments like oil, gold and foreign currencies edged back on Tuesday, pushing the dollar to its highest levels in two weeks against the euro, after reports that Russia was not planning to reduce its reserves of Treasuries.

Crude oil prices fell slightly to \$66.63 a barrel.