

The New York Times

Investors Waver, but Shares Close Higher - April 24, 2009

Reports showing mixed corporate earnings and weak housing data had investors wavering Thursday, although the markets finished higher in the last minutes of trading, The New York Times's Jack Healy reported.

The Dow Jones industrial average gained 70.49 points, or 0.9 percent, to close at 7,957.06. The broader Standard & Poor's 500-stock index rose 8.37 points, or 1 percent, to 851.92, buoyed by gains in financial and industrial companies.

Despite ending higher, the major indexes were on pace to post their first weekly drop after six weeks of almost uninterrupted gains.

Shares of major construction companies and home builders were mixed after the National Association of Realtors reported that sales of previously owned homes declined 3 percent in March to an annual pace of 4.57 million. Nationwide, the median home price rose slightly to \$175,200, but was still about 24 percent lower than its peak of \$230,100 in July 2006.

After months of almost unyielding declines, home sales have bumped up and down in the last few months, suggesting to some economists that the struggling housing market is searching for a bottom. Falling prices and a flood of foreclosures have breathed life back into some corners of the market.

The Nasdaq was up 6.09 points, or 0.4 percent, at 1,652.21, and is up 4.5 percent for the year.

Shares of **Apple** rose 3.2 percent to \$125.40 after it reported better-than-expected earnings on Wednesday. Apple, which makes personal computers, iPhones and iPods, said after markets closed Wednesday that its net profit had jumped 15 percent, a surprising sign of strength in a recession that has limited consumer spending.

The online marketplace **eBay** surged 12.5 percent to \$16.62 after it reported lower profits and revenue, but still beat analysts' expectations.

Randy Cass, founder of First Coverage, said indications of investor sentiment on financial companies had turned bearish, and were especially negative for big banks and life insurance companies. On Monday, the S. & P. financial index posted its largest one-day drop since late January.

"There's no belief that the earnings results are anything other than accounting or one-time profits," Mr. Cass told the Times.

Also on Thursday, the Labor Department reported that initial jobless claims rose 27,000 to a seasonally adjusted 640,000, and that continuing claims for unemployment insurance rose to 6.1 million for the week ending April 11, from 6 million a week earlier.

In credit markets, reluctant investors pushed the yield on the Treasury's benchmark 10-year note to 2.96 percent in early trading, but it fell to 2.92 percent in the late afternoon. The price of the 10-year note rose 6/32 to 98 18/32.

Yields on government debt dropped sharply last month after the Federal Reserve announced plans to buy up longer-term Treasuries, but they have crept steadily higher since they dropped to 2.53 percent on March 18.

"The fear is that with the size of the deficit, a couple years down the road we're looking at an amazing amount of bonds to underwrite in an environment where inflation will be rising," Theodore Ake, who is in charge of United States government bond trading at Mizuho Securities, told The Times.