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Trading Gains on Profits Despite Job Loss Reports. By Javier Hernandez, October 22, 2009

Stocks moved upward on Thursday, riding momentum from stronger-than-expected earnings reports despite a round of jobless figures that showed persistent weakness in the labor market.

An assortment of companies, from AT&T to Xerox, reported higher-than-expected earnings, feeding the hopes of investors that the earnings season would remain positive. AT&T said it earned \$3.19 billion, or 54 cents a share, in the third quarter as the Apple iPhone helped attract two million new wireless customers. Its profit topped Wall Street forecasts for 50 cents a share.

Adding to the optimism, a report on leading economic indicators released Thursday showed an improved outlook for the general health of the economy.

The Dow Jones industrial average rose 131.95 points, or 1.33 percent, to 10,081.31, one day after it closed below 10,000. The Standard & Poor's 500-stock index jumped 11.51 points, or 1.06 percent, to 1,092.91. The Nasdaq composite index gained 14.56 points, or 0.68 percent, to 2,165.29.

At the same time, several banks and energy companies, including Fifth Third Bank and Consol Energy, showed disappointing earnings, but share prices of energy and utilities rebounded as the broad market rallied late in the session. Financial stocks drove much of the increase, as did better-than-expected reports from heavyweights like McDonald's and 3M.

After the market closed, there were more optimistic signs in quarterly reports from American Express and Capital One.

EBay surprised investors when it reported its earnings had dropped 29 percent, to \$349.7 million, or 27 cents a share. Shares of eBay fell \$1.06, or 4.23 percent, to \$23.97. Amazon.com, by contrast, outpaced expectations, and investors said strong retail sales were boding well for the holiday season.

Several large companies, including the cigarette producer Philip Morris International, Xerox, and Dow Chemical, reported diminishing sales, but still outpaced expectations.

The generally upbeat company reports seemed to eclipse data from the Labor Department showing that the number of newly laid off workers filing jobless claims last week rose to 531,000 from 520,000 a week earlier. That figure was higher than economists had predicted, and it led to concern that the unemployment rate would continue its march upward.

Investors seemed to mostly ignore that bit of news, however, propelling stocks upward.

"The sentiment right now is to drive this thing home strong and that remains constant and consistent," said Randy Cass, founder of First Coverage, which is based in Boston. "Unless there is a completely unbelievable data point, they're not getting the heebie-jeebies."

Still, the jobless numbers were distressing to some investors.

"The pickup there is definitely concerning," said Jeffrey A. Hirsch, editor of the Stock Trader's Almanac. "It probably surprised a few people more so than they're willing to admit."

Overseas, the Nikkei stock average in Japan fell 0.64 percent. The FTSE 100 in Britain declined 0.96 percent, the DAX in Germany index fell 1.21 percent, and the CAC-40 in France dropped 1.35 percent.

The dollar, which fell to \$1.50 against the euro on Wednesday, its lowest level in more than a year, continued to teeter at that threshold, though it rebounded slightly early in the day, prompting investors to turn away from other commodities like gold and oil. By the end of Thursday, it had returned to \$1.50.

The price of crude oil hovered at \$81.23, down slightly.

Interest rates were little changed. The Treasury's 10-year note fell 7/32, to 101 24/32, and the yield rose to 3.41 from 3.39 late Wednesday.