Earning reports send stocks higher

FRIDAY, APRIL 30, 2010 THE GREENVILLE NEWS



RICHARD DREW / The Associated Press

Earnings reports drove stocks higher on Thursday.

Weekly drop seen in initial jobless claims

By Stephen Bernard
THE ASSOCIATED PRESS

NEW YORK — Stocks surged higher after another series of upbeat earnings reports and a reading on unemployment provided more evidence of an improving economy.

The Dow Jones industrials rose 122 points Thursday after the Labor Department said initial claims for unemployment benefits fell last week.

And companies including Motorola, Time Warner Cable and Starwood Hotels & Resorts reported earnings that topped analysts' forecasts.

It was the market's second straight winning day after a plunge Tuesday that took the Dow down 213. Greece's debt problems, one of the triggers for that slide, appeared less dire Wednesday and Thursday, and that allowed investors to focus on the growing signs of healing in the U.S.

The Labor Department said first-time claims dipped to 448,000, slightly above analysts' forecast of 445,000, according to Thomson Reuters. It was the second weekly drop and lifted hopes that layoffs are slowing.

Dealmaking and strong corporate earnings reports added to the growing optimism.

Hewlett-Packard Co. said late Wednesday it is buying smart phone maker Palm Inc. in an all-cash deal worth $1.4 billion. Acquisitions are a sign that the economy is recovering and companies are comfortable spending cash to build their businesses.

"It just seems like the market is moving and moving and nothing is going to get in its way," said Steve Stahler, president of the Stahler Group Inc. in Baton Rouge, La.

Today, the government will give its first assessment of overall economic activity during the first quarter when it issues the gross domestic product. Analysts surveyed by Thomson Reuters forecast the economy grew at an annual rate of 3.4 percent, down from 5.6 percent in the fourth quarter. However, many economists have warned for months that the hectic pace at the end of 2009 would not be sustained, so a lower rate of growth won't be seen as a negative — as long as it meets or beats expectations.

European stock markets rose Thursday after two days of steep declines. On Wednesday Spain became the third European country this week to see its debt rating slashed by Standard & Poor's, following Greece and Portugal.