Earnings reports energize stocks



APRIL L. BROWN / The Associated Press

A customer shops for groceries at a Sam's Club warehouse. Wal-Mart, which owns Sam's, said Thursday it expects sales to grow this year.

Wal-Mart, financials lead index higher

By Tim Paradis
THE ASSOCIATED PRESS

NEW YORK — Investors encouraged by a good batch of earnings reports and forecasts jumped back into stocks after a two-day slide.

Stocks posted big gains Thursday after Wal-Mart Stores Inc. said it expects sales to grow this year and increase at a faster pace next year. At the same time, easing worries about loan losses at some banks made financial stocks look attractive.

The Dow Jones industrial average jumped 132 points and logged the biggest gains of major indexes after Wal-Mart's forecast and as a number of companies that make up the indicator reported earnings that surpassed expectations.

The technology-heavy Nasdaq composite index lagged after a disappointing forecast from online retailer eBay Inc. but still ended higher.

The market's climb comes a day after a late slide pushed major indexes lower.

Consumer stocks rose after Wal-Mart said it expects sales to increase 1 to 2 percent for the current fiscal year and 4 to 6 percent for next year. The nation's largest retailer also said it would focus on emerging markets when opening stores. Meanwhile, clothing retailer J. Crew Group Inc. raised its earnings forecast because of stronger sales and profit margins.

Investors were also encouraged by earnings reports from the banks PNC Financial Services Group Inc. and Fifth Third Bancorp, which each said the number of bad loans aren't mounting as fast as they had been. That helped to push financial stocks higher.

Dow components 3M Co., Travelers Cos., AT&T Inc. and McDonald's Corp. posted stronger results than analysts had forecast.

Adam Gould, senior portfolio manager at Direxion Funds in New York, said the market's bounce on the Wal-Mart forecast illustrates how difficult it is to keep stocks down and allow those who missed the seven-month run to get stocks at lower prices.

"People have wanted to see some type of correction, but whenever any earnings come out and beat and whenever any economic news comes out that is decent, the market rallies," he said.

According to preliminary calculations, the Dow rose 131.95, or 1.3 percent, to 10,081.31.

The broader Standard & Poor's 500 index rose 11.51, or 1.1 percent, to 1,092.91. The Nasdaq rose 14.56, or 0.7 percent, to 2,165.29.

Bond prices fell, pushing yields higher. The yield on the benchmark 10-year Treasury note rose to 3.43 percent from 3.39 percent late Wednesday.

Mixed economic data contained the market's advance. The Labor Department said workers filing for unemployment benefits for the first time rose more than expected last week. New unemployment benefits claims rose to 531,000 last week from 520,000 the previous week. Economists had expected only a slight increase, according to Thomson Reuters.

A private forecast of economic activity rose for the sixth straight month in September. The Conference Board's index of leading economic indicators rose 1 percent last month after a 0.4 percent gain in August. Economists expected an increase of 0.8 percent last month, according to Thomson Reuters.

The Russell 2000 index of smaller companies rose 8.27, or 1.4 percent, to 613.38.

Overseas markets fell after Wednesday's slide in U.S. stocks. Britain's FTSE 100 fell 1 percent, Germany's DAX index dropped 1.2 percent, and France's CAC-40 fell 1.4 percent.

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