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Stocks end July with big gain; Dow rises

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NEW YORK — Stocks had a fitting end to a choppy July as prices seesawed their way to a narrowly mixed finish. The market still had its best month in a year.

Investors had an ambivalent response Friday to the government's gross domestic product report, which showed that economic growth slowed in the April-June quarter. The Dow Jones industrial average fell almost 120 points in early trading, then ratcheted up and down until the close. The Dow ended down just a point, and the other big indexes had similarly small moves.

The day was much like the rest of July, which saw investors alternately buying on strong earnings reports and selling on weak economic numbers. The Dow rose 7.1 percent for the month. The Dow and the Standard & Poor's 500 index both had their best months since July 2009 and their first winning months since this past April.

A repeat performance in August seemed unlikely due to the market's current pessimism, especially since the bulk of second-quarter earnings reports are in. Many investors, uncertain about the where the market is heading, stayed on the sidelines for much of July or moved money into safer investments. Even on days when the Dow was up 100 or 300 points, trading volume was unusually low.

"It's a very cautious environment today," said Rob Lutts, president, CIO at Cabot Money Management. That caution, he said, is what leads investors to sell.

The Commerce Department's GDP report was troubling for the market, and followed recent reports on housing and unemployment that showed the recovery has slowed. GDP grew at an annual pace of 2.4 percent in the second quarter, less than the 2.5 percent forecast of economists polled by Thomson Reuters.

Analysts said that as investors read deeper into the report, it didn't look as bad as they initially thought. They found some good news in the consumer savings rate.

Business spending on equipment and software also jumped in the second quarter by the biggest amount in 13 years. That was encouraging because it means companies could be getting ready to start hiring.

"We had a little bit for the bulls and a little bit for the bears," Lutts said, "and ultimately no one is really happy."

7.1 percent

The Dow fell 1.22, or 0.01 percent, to 10,465.94. Its July gain was its best monthly advance since it rose 7.8 percent in July 2009.

The Dow's top five performers for the month all had strong earnings: DuPont Co., which rose 17.58 percent during July; Caterpillar Inc., up 16.11 percent; American Express Co., up 12.44 percent; Chevron Corp., up 12.30 percent and Microsoft Corp., up 12.17 percent.

The Standard & Poor's 500 index rose 0.07, or 0.01 percent, to 1,101.60. It rose 6.9 percent for July, its best performance since it rose 7.4 percent in July 2009.