



Indexes Steady as Oil Prices Fall

By DONNA KARDOS YESALAVICH and KRISTINA PETERSON

Energy stocks fell as oil prices declined but health-care stocks climbed following an analyst upgrade, leaving major stock-market indexes trading close to their opening levels.

In recent trading, the Dow Jones Industrial Average was down 2 points at 10625, after trading up as much as 41 points earlier in the session. The measure has been fluctuating between small gains and losses. Chevron was the measure's worst performer, down 1.4% as crude-oil futures fell below \$80 a barrel. The government reported a bigger-than-expected increase in crude-oil stocks of 3.7 million barrels.

Financial components Bank of America and J.P. Morgan Chase also weighed on the Dow, with declines of more than 1% each, as top Wall Street executives acknowledged missteps that helped lead to the financial crisis in an appearance on Capitol Hill Wednesday.

Merck jumped 4.2% after Credit Suisse raised its investment rating on the stock to outperform from neutral and boosted its target price on the stock, saying it has a positive view on the company's pipeline. Kraft Foods rose 1.3% after the food giant, embroiled in a contentious takeover bid for Cadbury, boosted its profit estimates for 2009.

The Standard & Poor's 500-share index fell 0.3%, with its energy sector leading to the downside, outweighing gains across health-care and utilities stocks.

The technology-heavy Nasdaq Composite dropped 0.3%. Google, which has one of the heaviest weightings in the measure, fell 1.4% after the Internet-search giant said it was considering pulling out of China following a series of cyber attacks the company believes originated from the country. Google's warning raised concern among investors that multinational companies may not be able to expand in China as quickly as they had hoped.

"You're going to see other companies really think hard about how they protect themselves in China," said Benny Lorenzo, chairman and chief executive of Kaufman Bros. In particular, the announcement shed some doubt on the technology sector's to grow in China, he said.

"It's a little bit difficult to ascertain the rules there and when you have that kind of uncertainty, you don't maximize your growth," Mr. Lorenzo added.

The possibility of Google exiting China was good news at least for Baidu, its chief competitor in China. American depository shares of the Chinese search engine rose 12% recently.

The dollar was lower against the euro but higher against the yen. Treasuries slipped, with the two-year note down 1/32 to yield 0.923% and the 10-year note off 3/32 to yield 3.728%. After trading higher earlier in the session, gold futures turned lower recently, weighing on the materials sector.

Tuesday, stocks fell as Alcoa unofficially kicked off the fourth-quarter reporting season on a sour note. Investors went into the season expecting strong results thanks to easy comparisons to the bleak fourth quarter of 2008 and the effects of major cost cutting last year, but Alcoa's report and a profit warning from Chevron have already lowered expectations.

Nevertheless, investors appeared to be in a so-called wait-and-hold pattern Wednesday ahead of reports from other key bellwethers to come this week. Chip maker Intel reports Thursday, and banking giant J.P. Morgan Chase reports Friday. Market watchers say their reports could be more telling.

Bernie McGinn, president of McGinn Investment Management in Alexandria, Va., is among those still expecting the broader profit season to lend support to stocks.

"We have entered a period where we will have consistent profit growth over the next few quarters -- consistent in the sense that there will be growth at all," Mr. McGinn said. "That wasn't the case at this time last year."

Still to come at 2 p.m. EST, the Federal Reserve will release its latest Beige Book report, a compilation of anecdotal observations about the economy from across the Fed's districts.