

Oil, GE Can't Keep Stocks Afloat

By PETER A. MCKAY and GEOFFREY ROGOW

Stocks slipped back into the red Friday afternoon, despite a surge in General Electric and a pullback in oil prices.

Any gains were tempered by disappointing jobs data, which added fuel to investors' simmering concerns about the pace of the U.S. economic recovery.

The Dow Jones Industrial Average was recently down seven points to 9999.23. GE was up 6.2% after analysts at both Sanford C. Bernstein and Oppenheimer upgraded the conglomerate to an "outperform" rating. The GE-owned business television network CNBC reported that its parent is near a deal to sell its 80% stake in NBC Universal to Comcast. Comcast shares were up 2.6%.

Mutual-fund manager Keith Goddard, of Capital Advisors Inc., said the analyst upgrades were a promising sign that the lingering effects of the recent financial crisis are subsiding -- which could bolster the market in the months ahead.

"For a long time, no one would consider an upgrade of GE because of questions about its finance unit," said Mr. Goddard. "For people to start coming out with upgrades now, I think that's a pretty good sign of confidence that you won't see more bad news on that front for awhile."

Investors weighed corporate developments against a bigger decline than expected in U.S. payrolls for October and a jump in the unemployment rate to 10.2%, its highest level since 1983. Though the pace of month-to-month job losses is slowing, unemployment rolls have swelled by 8.2 million people since the start of the recession in December 2007.

"What I don't like about the numbers today is that we're seeing more people out of work for longer," said portfolio manager Kim Caughey, of Fort Pitt Capital Group in Pittsburgh. "We've seen some improvement in the [weekly jobless] claims numbers, but when we get these payroll reports, we're not seeing the people who were already on the rolls come off."

The broad S&P 500 was down less than 0.1% at 1066.23 recently, led by declines in its financial and energy sectors.

The Russell 2000 index of small-capitalization stocks was off 0.5% as investors rotate out of equities that are perceived as riskier. "The dangers we see in this

market is in the low-quality names as they are just more vulnerable," said Benny Lorenzo, chairman and chief executive of New York investment bank Kaufman Bros. "With the recovery questionable, those kinds of names are most susceptible to a decline."

Still, as the third-quarter earnings season comes to a close, he's feeling more positive about the fourth quarter reports.

"In talking with management, we have seen a clear turn for companies," said Mr. Lorenzo. "Companies have said things have stopped getting worse and they have to stop getting worse before they get better."

The technology-focused Nasdaq Composite Index was up 0.1%.

Energy stocks lagged the broader market, hurt by a more-than-\$2-a-barrel drop in oil prices as commodity traders bet on weak fuel demand following the jobs report. Oil futures settled down \$2.19 to \$77.43 a barrel in New York.

Consumer stocks continued gains from Thursday. Starbucks was particularly strong, rising 6.7% after the coffee retailer raised its earnings outlook for next year and reported a \$150 million fiscal fourth-quarter profit.

"There is some push and some pull on the unemployment report," said Craig Peckham, equity trading strategist with Jefferies. "More specifically though, there's a lot of people playing this lower oil helps the consumer kind of trade today."

Other markets showed a push into less-risky assets. U.S. gold futures topped \$1,100 an ounce Friday for the first time ever before settling at \$1,095.10. Treasury prices were higher with the two-year note up 1/32 to yield 0.852% and the 10-year up 5/32 to yield 3.508%.