

US Stocks Cling To Narrow Gains; Materials, Tech Rise

U.S. stocks clung to narrow gains Thursday as mixed earnings reports boosted technology stocks, but weighed on consumer goods, overshadowing the morning's batch of largely disappointing U.S. economic data.

The Dow Jones Industrial Average was recently up 17 points, or 0.2%, to 10326. Insurance provider Travelers was the measure's top performer, up 1.5%. Hewlett-Packard was also strong, up 0.8%, after reporting a 25% profit rise in the first quarter and a boost to its fiscal-year revenue outlook.

Weighing on the Dow, Wal-Mart dragged, falling 1.4% after posting a 22% gain in fourth-quarter profit, but providing tepid first-quarter earnings guidance. The retail giant's sales fell at U.S. stores open more than a year.

The Nasdaq Composite and the Standard & Poor's 500 were both up 0.1%. The telecommunications sector weighed on the S&P 500, but materials climbed, boosted by Bank of America Merrill Lynch's upgrade of steel products maker Nucor to neutral from underperform, citing an increased steel price view. The energy sector pared some of its earlier declines, as crude oil prices hovered close to \$78 per barrel.

In other markets, the dollar reversed its morning decline, strengthening against both the euro and the yen. Gold futures began to climb after dropping sharply earlier following the International Monetary Fund's announcement Wednesday night that it will sell 191.3 metric tons of gold on the open market rather than to central banks. Treasuries declined, with the 10-year note off 9/16 to yield 3.805%.

Investors said they were disappointed by the morning's release of U.S. jobs and inflation data, but said the recent improvements in housing starts and manufacturing data still supported a broad, if slow, recovery.

"We feel there's enough momentum, enough tailwinds that will get us through this barring any sort of major macro-economic issue," said Benny Lorenzo, chairman and chief executive of Kaufman Brothers. While discouraged by the increase in jobless claims reported Thursday, Lorenzo said recent strong earnings from Hewlett-Packard and Priceline.com pointed toward a brighter outlook on consumer spending. Even Wal-Mart's drop in sales could portend good news for higher-end retailers, he suggested.

"The consumer may be trading up from Wal-Mart to be able to spend at a little higher price point," Lorenzo said.

In data released Thursday, the Labor Department's weekly report showed initial claims for jobless benefits rose by 31,000 to 473,000 in the week ended Feb. 13, more than the 5,000 increase economists had been expecting.

Meanwhile, the producer price index for finished goods rose more than expected to a seasonally adjusted 1.4% on the month in January, the Labor Department said, after increasing an upwardly revised 0.4% in December, up from 0.2%. However, the core PPI, which excludes volatile energy and food prices, rose 0.3% last month after remaining flat in December, more than its anticipated 0.1% climb.

In a more upbeat report, the Federal Reserve Bank of Philadelphia said mid-Atlantic manufacturers posted better-than-expected improvement this month, paced by new orders. Its index of general business activity within the factory sector increased to 17.6 in February, from a reading of 15.2 in January. Economists were expecting a 15.0 reading.

"The market initially sold off on the jobless claims and PPI, but as people have thought about the claims more and more, they're realizing the weather played a major role in overstating the weakness in the labor market. That has caused the market to kind of go back up and recover some of the losses," said Nick Kalivas, strategist and vice president of financial research at MF Global. "And for the PPI, [investors] got a little wigged out about inflation but if you look at what Wal-Mart's saying, there's really not an inflation concern."

Among companies reporting earnings, Priceline.com jumped 10% after its fourth-quarter profit more than doubled, as the online travel-booking company's bookings continued to soar. Revenue topped the company's bullish expectations and it projected strong first-quarter results.