

Abreast of the Market

Dow Touches High, Europe Rebounds

By Jonathan Cheng
21 March 2013
The Wall Street Journal Asia
AWSJ
English

(c) 2013 Dow Jones & Company, Inc. To see the edition in which this article appeared, click here <http://awsj.com.hk/factiva-ns>

Investors erased this week's stock-market weakness, briefly pushing the Dow industrials to a record intraday high ahead of remarks from the Federal Reserve chairman.

The Dow Jones Industrial Average gained 58 points, or 0.4%, to 14513 in early afternoon trading Wednesday. In the first hour of trading, the Dow had risen as many as 89 points, giving the blue-chip index a new intraday all-time high.

The Standard & Poor's 500-stock index gained eight points, or 0.5%, to 1556 and the Nasdaq Composite rose 15 points, or 0.5%, to 3244.

"Confidence is being restored, not just among investors but among businesses and consumers," said Jason Ware, market strategist at Albion Financial Group in Salt Lake City, Utah. "They're feeling better about the world, the economy and the market...2008 and 2009 were pretty difficult, but we've come a long way and the economy is doing okay."

Leading the gains were the two consumer sectors, consumer discretionary and consumer staples, on a day that saw all 10 sectors of the S&P 500 rise.

Hewlett-Packard, the strongest performer among Dow performers this year, led the pack again. The blue-chip tech stock has surged 65% this year, although it remains below its March 2009 levels, when the broader market hit its post-crisis low.

General Electric was also strong after the industrial conglomerate said it might consider spinning off its financial-services unit GE Capital, although it wasn't yet pursuing such a move.

Industrial stocks were the weakest performers on the market, after Caterpillar reported accelerating retail-sales declines for the three months ended February, with particular weakness in the Asian-Pacific region. The blue-chip heavy-equipment maker led the Dow decliners.

Also giving the market pause was FedEx, which tumbled after the package-delivery giant's quarterly earnings missed analyst estimates. The company reported weakness in the international airfreight market, and provided a downbeat current-quarter earnings outlook.

Investors were looking to the U.S. central bank for signs that Chairman Ben Bernanke is keeping abreast of the situation, and that the Fed will continue to support the economy with its program of asset purchases. The Fed's statement on monetary policy was due Wednesday afternoon, followed by a news conference by Mr. Bernanke.

In currency trading, the dollar was at 95.56 yen early afternoon, up from 95.17 yen late Tuesday in New York. The euro came off four-month lows against the dollar, changing hands at \$1.2952 from \$1.2883.

Robert Pavlik, chief market strategist at , said he expected the Fed testimony to highlight Mr. Bernanke's close eye on global developments. "He's not operating in a vacuum. He understands what's happening around the world and he understands the implications of what Fed policy means going forward."

European Stocks

Markets rebounded from a three-session losing streak, with investors digesting Cyprus's rejection of its proposed bailout plan and looking ahead to the U.S. Federal Reserve's latest monetary decision.

The Stoxx Europe 600 index rose 0.3% to close at 296.50.

Banking shares, which were among the biggest decliners in recent days' action, recovered. Banca Popolare di Milano Scarl jumped 11% in Milan, Credit Agricole added 2% in Paris, and Royal Bank of Scotland climbed 2.3% in London.

Deutsche Bank gained 1.4% in Frankfurt, even as the firm said it raised provisions for a U.S. mortgage-related litigation.

Among major national indexes, France's CAC 40 index rose 1.4% to 3829.56, Germany's DAX 30 index gained 0.7% to 8001.97, while the U.K.'s FTSE 100 index slipped 0.1% to 6432.70.