

U.S. Stocks Unwind Morning Losses

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By JONATHAN CHENG

U.S. stocks erased morning declines to trade around the flatline as investors weighed broad weakness in European markets against a mix of earnings reports that were largely in line with expectations.

The Dow Jones Industrial Average slipped three points, or under 0.1%, to 13974 in midday trading Wednesday, after sliding as many 66 points at the opening bell. The Standard & Poor's 500-stock index slipped less than one point, or under 0.1%, to 1511 and the Nasdaq Composite edged up two points, or 0.1%, to 3173.

Utilities and health-care stocks fell the most among the S&P 500 sectors, offset by gains in consumer-discretionary and technology stocks.

Dow component Walt Disney [DIS +1.07%](#) rose after the entertainment giant reported fiscal first-quarter earnings and revenue that topped analyst estimates, helped by growth in its media networks business. 3M [MMM +1.10%](#) led the Dow gainers, while Hewlett-Packard, [HPQ +0.54%](#) the strongest Dow component this year, also rose.

Merck [MRK -0.99%](#) and UnitedHealth [UNH -0.99%](#) helped drag the blue-chip measure lower.

"Markets don't tend to move in a straight line, so we'd expect some consolidation" following January's powerful rally, said Andres Garcia-Amaya, global market strategist for the funds branch of J.P. Morgan Asset Management, which oversees \$400 billion. "I'm not too concerned about this. I was more concerned about the trajectory of the market moving too quickly in one direction."

While Mr. Garcia-Amaya said he was encouraged that companies are beating lowered earnings expectations, he saw a slowdown in the pace of U.S. companies' earnings growth in 2013. "Most of the earnings growth has come from cutting costs, and a lot of corporations are already cutting to the bone," he said.

European markets erased earlier gains to trade broadly lower as lingering worries over the political stability in Spain and Italy weighed off against better-than-expected German data. The Stoxx Europe 600 finished with a loss of 0.4%, well off its lows for the day.

"The market definitely has not liked political uncertainty from Europe, and that was enough for traders to say, 'Okay, risk off,'" says Jason Ware, market strategist at Albion Financial Group in Salt Lake City, Utah. That said, he added: "The risk from Europe has diminished. Policy makers have consistently demonstrated that they're there to back the region, and the level of turbulence this year will probably be lower than it was in 2012."

Asian markets were mostly higher. Japan's Nikkei Stock Average climbed 3.8% to the highest level since September 2008, and the yen fell against the dollar to briefly touch a near three-year low, after Bank of Japan Gov. Masaaki Shirakawa offered to step down three weeks before the expiration of his term. Many investors believe that paves the way for accelerated and more aggressive stimulus measures. The yen later pared those losses to edge up on the greenback.

Elsewhere, China's Shanghai Composite rose 0.1%, to notch its eighth straight gain.

There are no major U.S. economic data scheduled for release.

Crude-oil futures reversed morning declines to edge up to around \$96.80 a barrel, while gold futures inched up to around \$1,675 an ounce. The dollar rose against the euro, while demand for Treasuries rose, pushing the yield on the benchmark 10-year note down to 1.99%.

In other corporate news, Time Warner [TWX +4.53%](#) climbed after the media giant exceeded fourth-quarter earnings forecasts, raised its quarterly dividend by 11% and authorized a new \$4 billion stock-buyback program.

Ralph Lauren [RL +6.25%](#) jumped, leading S&P 500 advancers, after reporting quarterly earnings that surged 28% amid an improvement in retail sales and widening margins.

C.H. Robinson [CHRW -9.86%](#) Worldwide slumped, making it the worst performer on the S&P 500, after the transportation and logistics company's quarterly earnings missed estimates and operating margin declined.

Zynga [ZNGA +10.95%](#) surged after the social-games maker topped earnings and revenue expectations, although the outlook for the current quarter was weaker than projections.

Aflac [AFL -4.64%](#) declined after the insurer reported quarterly revenue that fell shy of forecasts.

Chipotle Mexican Grill [CMG +5.30%](#) climbed after the restaurant chain operator's quarterly earnings were buoyed by improved revenue.

Biogen Idec **BIIB +2.96%** advanced after the company agreed to buy Ireland-based Elan's **ELN -7.60%** interest in the multiple sclerosis treatment Tysabri for \$3.25 billion in cash and future contingent payments. The U.S.-listed shares of Elan dropped 8.7%.

Shutterfly **SFLY +18.55%** shot up after the digital-photo services company reported better-than-expected earnings and revenue, and provided an upbeat 2013 revenue outlook.

Expedia **EXPE -2.15%** fell after warning of heightening competition and posting a relatively modest increase in earnings this year.

Hain Celestial Group **HAIN -3.25%** declined after the organic-products company missed revenue expectations.

Aeropostale **ARO -0.55%** ticked up after the teen retailer said its long-time president would retire in late March.

Exchange operator CME Group **CME -3.99%** dropped as stock trading volume remained weak.