

# REUTERS

## US STOCKS-Market turns higher after GM sales surprise

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Tuesday July 1 2008

\* GM shares jump on stronger-than-expected June sales

\* Financial shares turn around in afternoon trading

\* Higher oil still stirring caution

By Kristina Cooke

NEW YORK, July 1 (Reuters) - U.S. stocks edged higher on Tuesday after embattled automaker GM surprised Wall Street with stronger-than-expected June sales and financials reversed earlier losses as investors scoured for bargains, overshadowing concerns about rising oil prices.

General Motors' shares shot up 10 percent and were among the top contributors to the Dow's gains. Rival Ford, whose shares had dropped earlier on its June sales slump, reversed course to turn higher. GM's report helped ease some concerns about the impact of high fuel costs on profits.

Financial shares, which had earlier led decliners in the S&P 500, turned higher. Lehman Brothers rose more than 4 percent after Morgan Stanley initiated coverage of the investment bank's shares with an "overweight rating."

But concerns about inflation continued to weigh on the market. U.S. crude oil futures rose 97 cents to settle at a record \$140.97 a barrel on continued Mideast tensions and supply concerns raised by a report from the International Energy Agency.

"Two letters: GM. We're oversold and so with so many people looking for that bounce, any news that is a little better than expected is going to get a bit of a rebound going," said **Joe Saluzzi**, co-manager at **Themis Trading** in Chatham, New Jersey. "People were just looking for a reason to jump in and buy the beaten-down stocks."

The Dow Jones industrial average was up 2.69 points, or 0.02 percent, at 11,352.70. The Standard & Poor's 500 Index was up 0.97 of a point, or 0.08 percent, at 1,280.97. The Nasdaq Composite Index was up 4.77 points, or 0.21 percent, at 2,297.75.

General Motors shares jumped 5.3 percent to \$12.13.

Earlier, a report showed U.S. manufacturing expanded in June for the first time in five months, helped by a weak dollar, but inflation pressures soared to their highest since the stagflation-ravaged 1970s.

Apple shares rose 4.1 percent to \$174.38 and were the top boost to the Nasdaq, after Sanford C. Bernstein raised its price target on the stock of the iPod maker.

Among financial shares, Lehman Brothers rose 4.9 percent to \$20.78. An index of S&P financial stocks rose 0.5 percent.

Shares of commercial lender CIT Group Inc skyrocketed more than 27 percent to \$8.69 after the company agreed to sell its home lending business and other housing portfolio holdings.

Apart from the ISM data, a report by the government showed U.S. construction spending fell 0.4 percent in May as home building continued to deteriorate. The data will add to concerns that the United States has entered a period of weak growth accompanied by high inflation.