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## Stocks rise above mortgage giants' woes

Matt Krantz

Stocks clawed their way higher Wednesday despite more concerns about the health of mortgage giants Fannie Mae and Freddie Mac and higher oil prices.

The Dow Jones industrial average rose 68.88 points, or 0.6%, to 11,417.43, to narrow its loss this year to 13.9%. The day's gain gave investors a bit more breathing room, as the Dow is up 4.1% from the low it set this year on July 15.

Fears and rumors that Fannie Mae and Freddie Mac may require government assistance (story, 3B) kept stocks under pressure early in the day, says **Joe Saluzzi**, trader at **Themis Trading**. "Rumors were swirling all day," he says. "This isn't over yet."

Oil prices didn't help, either. The price of a barrel of oil rose 45 cents to \$114.98. These concerns knocked the Dow down as much as 57.97 points, or 0.5%, earlier in the day.

But a decent showing by stocks in the metals and mining, exploration and production, and fertilizer industries helped push the Standard & Poor's 500 index up 7.85 points to 1274.54. It's still down 13.2% this year. The tech-heavy Nasdaq composite rose 4.72 points to 2389.08 to close down 9.9% for the year.

With many traders on vacation in August, it's dangerous to read too much into the day's movement, says Andy Brooks, trader at T. Rowe Price. "This is a summertime market," he says. "(Trading) volumes are light, and moves are exaggerated."

But investors who are trading have one main thing on their minds: financial stocks. "Investors are watching financials very carefully," he says.

Highlights: Fannie Mae sank \$1.61, or 27%, to \$4.40, and Freddie Mac declined 92 cents, or 22%, to \$3.25.

Investors keep puzzling about the future of these mortgage finance companies.

\*Hewlett-Packard rose \$2.47 to \$46.16 after the computer company late Tuesday reported 14% higher quarterly profit. Other computer makers rose as well, including Dell, up 53 cents to \$24.97, and Apple, up \$2.31 to \$175.84.

\*Aladdin Knowledge Systems, a computer security firm, rose \$1.33 to \$12.69. The company received a buyout offer from Vector Capital, which owns Aladdin rival SafeNet. Aladdin did not disclose terms of the deal.

\*OfficeMax, an office supply seller, fell \$1.80 to \$11.92 after Don Civgin, the company's chief financial officer, resigned to join Allstate as CFO.