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S&P 500 Fails to Rise Twice in a Row as Traders `Sell Rallies'

By Eric Martin and Elizabeth Stanton

Oct. 31 (Bloomberg) -- U.S. stocks have failed to rise on consecutive days for five weeks, the longest period since 2001, as the most volatile trading since the 1930s sapped investor confidence.

The last time the Standard & Poor's 500 Index posted a two- day rally was Sept. 26, or 25 trading days ago. It's fallen 21 percent through yesterday. In August and September 2001, the S&P 500 also posted a 25-day streak, losing 16 percent, according to data compiled by Bloomberg.

``People are still selling rallies,'' said **Joseph Saluzzi**, the co-head of equity trading at **Themis Trading LLC** in Chatham, New Jersey. ``The intraday volatility is still just ridiculous. It doesn't lend to investor confidence at all. Most rallies have failed, so why would you want to buy in the next day?''

The index was poised to break the streak two days ago, before losing a 3.1 percent rally in the final 12 minutes of trading. The benchmark index for U.S. stocks ended with a 1.1 percent loss, one day after surging 11 percent.

The S&P 500 gained 0.8 percent to 962.29 at 11:47 a.m. in New York, sending it higher for a second day. If it declines at the close today, the 26-day streak would be the longest since March 1994, Bloomberg data show.

The stock index has risen or fallen 1 percent or more on 19 of 22 trading days in October before today, or 86 percent of the time. If it happens again today, this would be the most volatile month on that basis since December 1931; if not, September 1932.

``Until we see a lot of money on the sidelines kick in, we're going to be choppy,'' said Michael Nasto, senior trader at U.S. Global Investors Inc., which manages $5 billion in San Antonio.

To contact the reporters on this story: Eric Martin in New York at emartin21@bloomberg.net; Elizabeth Stanton in New York at estanton@bloomberg.net.