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## U.S. Stock-Index Futures Fluctuate on Earnings, GDP Report

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June 25 (Bloomberg) -- U.S. stock-index futures fluctuated, with the Standard & Poor's 500 Index set for a weekly decline, as Oracle Corp. rallied on better-than-estimated earnings and a report showed U.S. economic growth was lower than expected in the first quarter.

Oracle, the world's second-largest software maker, advanced 3.5 percent as profit topped analysts' forecasts. Bank of America Corp. and JPMorgan Chase & Co. rose at least 1.9 percent as lawmakers agreed on the overhaul of U.S. financial regulation. Research In Motion Ltd. declined 4.9 percent after the maker of the BlackBerry smartphone reported sales that trailed estimates.

Futures on the S&P 500 expiring in September rose 0.1 percent to 1,072 as of 8:52 a.m. in New York, after earlier falling as much as 0.5 percent. The benchmark for U.S. equities has dropped every day this week, its longest losing streak in seven weeks, bringing the decline to 3.9 percent so far. Dow Jones Industrial Average futures gained 0.1 percent to 10,105 and Nasdaq-100 Index futures fell less than 0.1 percent to 1,849.

"There's a lot to digest this morning," said **Joseph Saluzzi**, co-head of equity trading at Chatham, New Jersey-based **Themis Trading LLC**. "The GDP number was not good. Where's the growth?"

### Economic Growth

Stock futures declined after a report showed the U.S. economy grew at a 2.7 percent annual rate in the first quarter, less than previously calculated, reflecting a smaller gain in consumer spending and a bigger trade gap.

Group of Eight leaders meet today in Canada to debate how far governments can slash budgets without stifling growth, before the start of the Group of 20 summit tomorrow. U.S. President Barack Obama is urging G-20 nations to support the global economic recovery by focusing on growth, while Germany and the U.K., are focusing on reducing budget deficits.

U.K. Chancellor of the Exchequer George Osborne unveiled his first budget on June 22. He imposed a bank levy and raised sales tax while reducing spending, aiming to maintain the U.K.'s top credit rating.

### 'Axing and Taxing'

"The idea of cutting spending across the board and raising taxes to me seems depressionary," Dennis Gartman, economist and editor of The Gartman Letter, said today in a Bloomberg radio

interview. "Axing and taxing at the same time is not a good idea," he said, referring to a U.K. package announced this week. Gartman said June 8 that equities entered a bear market.

Stocks fell this week as the Federal Reserve signaled that European indebtedness may harm American growth and sales of new U.S. homes fell to the lowest level on record. Concern about risks to the recovery has dragged the S&P 500 down 12 percent from this year's high April 23, to within 2.2 percent of this year's low at 1,050.47 reached on June 7.

Congressional negotiators today approved the most sweeping overhaul of U.S. financial regulation since the Great Depression, reshaping oversight of Wall Street and some of its most complex financial products. Lawmakers from the House and Senate worked through the night in a 20-hour session to reach deals on two of their most far-reaching and contentious proposals -- a ban on proprietary trading by banks and new oversight of the derivatives market.

#### Impact on Financials

"We expect the finalization of the legislation will provide short-term relief for financials," Paul Miller, analyst at FBR Capital Markets wrote in a report today. "However, we remain cautious about this legislation's longer-term implications."

Banks including JPMorgan Chase & Co. and Citigroup Inc. will be permitted to maintain swaps operations used to hedge risk under the accord announced today. The deal ended a standoff over a provision crafted by Senator Blanche Lincoln, an Arkansas Democrat, that was among the most contentious in the debate over new rules for Wall Street.

Bank of America rose 2.1 percent to \$15.33, while JPMorgan gained 1.9 percent to \$38.75.

A report today may show a gain in Americans' confidence. The Thomson Reuters/University of Michigan final index of consumer sentiment rose to 75.5 this month, the highest level since January 2008, from 73.6 in May, according to the survey median. The reading would match the preliminary estimate issued earlier this month.

Oracle gained 3.5 percent to \$23 in pre-market New York trading. Fourth-quarter earnings excluding acquisition costs and other expenses was 60 cents a share, Redwood City, California-based Oracle said yesterday. That topped the 54-cent average of analysts' estimates compiled by Bloomberg.

Research In Motion dropped 4.9 percent to \$55.70. First-quarter sales rose 24 percent to \$4.24 billion, RIM said yesterday in a statement. Analysts had predicted \$4.35 billion, the average of estimates compiled by Bloomberg show.