



Dow Takes a Drubbing as Jitters Persist

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There's No Business Like FOX Business

Wall Street suffered another triple-digit slide on Thursday as the markets' fears of a double-dip recession weren't cured by the latest economic indicators

and a batch of disappointing earnings reports added to the gloom.

Today's Markets

The Dow Jones Industrial Average fell 145.64 points, or 1.41%, to 10152.80, the Standard & Poor's 500 lost 18.35 points, or 1.68%, to 1073.69 and the Nasdaq Composite sank 36.81 points, or 1.63%, to 2217.42. The FOX 50 slid 12.26 points, or 1.53%, to 787.01

After two-straight weeks of 2% gains for the Dow, the bears appear to have recaptured control of the markets, with the Dow down almost 300 points so far this week and the S&P 500 mired in a four-day slump. Stronger-than-expected, but still weak, reports on initial jobless claims and durable goods orders failed to put a stop to the bearishness.

"There is a nervousness in this market -- a psychological component that you honestly cannot discount. I think that's more of a driving force than any slight improvement in any of the numbers," NYSE trader Doreen Mogavero told FOX Business.

In addition to ugly earnings reports from companies like **Bed Bath & Beyond** (BBBY: 39.34, 0.22, 0.56%), Wall Street was hurt by a selloff in the financial sector caused by jitters about the financial-regulatory overhaul bill. Signaling the level of nervousness on Wall Street, the VIX, or the markets' so-called "fear gauge," increased by 11% and closed at session highs.

"It may not be a classic double-dip but you aren't growing at anywhere near the speed you should be coming out of a recession. The economy is going nowhere," said **Joe Saluzzi**, co-head of trading at **Themis Trading**.

Most of the Dow's 30 components were stuck in reverse, led by economically-sensitive **Alcoa** (AA: 11.23, 0.13, 1.17%) and **Home Depot** (HD: 30.14, 0.47, 1.58%). The index's best performers were defensive plays: **Johnson & Johnson** (JNJ: 58.9, -0.76, -1.27%) and **Merck** (MRK: 36.0775, 0.4775, 1.34%).

Ahead of key earnings reports from **Oracle** (ORCL: 22.66, 0.44, 1.98%) and **Research in Motion** (RIMM: 52.23, -6.36, -10.86%), the Nasdaq Composite sank another 1.6%. The index was led lower by tech stocks

like **Dell** (DELL: 12.9325, 0.0025, 0.02%) and **Autodesk** (ADSK: 26.58, 0.32, 1.22%).

The selloff comes after the markets closed essentially unchanged on Wednesday in the wake of the worst monthly drop in new home sales on record and the Federal Reserve slightly downgrading its economic commentary.

Wall Street's economic headache didn't go away on Thursday even after the Labor Department said initial jobless claims slid by 19,000 last week to a six-week low of 457,000. Analysts had been expecting a drop of just 13,000. Continuing claims, which are filed by those out of work for more than a week, declined by 45,000 to 4.55 million, beating expectations. Also, the Commerce Department said durable goods orders declined by 1.1% in May, slightly better than the 1.4% drop analysts had forecasted but the first drop in six months.

Some believe the economic pessimism has been overblown and the U.S. economy will resume its recovery in the months ahead.

"In the last month or so, we've seen a little bit of softening or cooling in the pace. We're rising, but the numbers don't show us rising as quickly," Michelle Girard, senior economist at RBS, told FOX Business. "But it's a far cry from losing some upward momentum to double-dipping. I think that's where people have gone too far."

At the same time, the markets were worrying about the earnings picture in the aftermath of disappointing reports and guidance from **Darden Restaurants** (DRI: 38.98, -0.48, -1.22%), **Bed Bath and Beyond** (BBBY: 39.34, 0.22, 0.56%), **Nike** (NKE: 70.16, 0.52, 0.75%) and **ConAgra** (CAG: 23.92, -0.28, -1.16%). While the past several earnings seasons have surprised to the upside, some are predicting a poorer performance this time around given troubles in Europe and high unemployment at home.

"Given the size of the break from April to late June, I thought we had incorporated a high dose of negativity in the market. In fact, the market seems to be getting more nervous about the earnings picture," said Nick Kalivas, vice president of financial research at MF Global.

Meanwhile, the financial sector slumped almost 2% as lawmakers race to complete the financial regulatory reform bill and banks worry about the consequences on their bottom lines. Rep. Barney Frank, the top House negotiator of the bill, said work on the legislation would end on Thursday.

The euro provided a counterweight to the economic and earnings worries, paring its losses and posting fractional gains. The euro retook the \$1.23 level and was up 0.06% to \$1.2323 as U.S. markets closed.

Helped by the euro comeback, crude oil erased an early drop and closed at \$76.51 a barrel, up 16 cents, or 0.21%. Gold rose \$11.40 a troy, or 0.92%, to \$1,245.50.

In another sign of the risk aversion on Wall Street, an auction of seven-year Treasury notes drew very strong demand, showing appetite for low-risk U.S. debt remains solid.

Corporate Movers

Darden's (DRI: 38.98, -0.48, -1.22%) stock almost 6% a day after the parent of Olive Garden and Red Lobster said its fiscal fourth-quarter profit declined 6% to a worse-than-expected 86 cents a share. The restaurant operator said its sales dropped 5.7% to \$1.86 billion, missing estimates for \$1.9 billion.

Bed Bath & Beyond (BBBY: 39.34, 0.22, 0.56%) slumped 4% after the retailer forecasted EPS of 59 cents to 63 cents for the current quarter, compared to the Street's view of 64 cents. The outlook overshadowed the retailer's 58% rise in fiscal first-quarter net income and stronger-than-expected EPS of 52 cents. Sales jumped 13.5% to \$1.92 billion, also beating estimates.

Lennar (LEN: 14.6625, 0.1125, 0.77%) posted EPS of 21 cents and a 9% decline in revenue to \$814.5 million. The home builder had been expected to post break-even profits on stronger revenue of \$836 million. Lennar's home deliveries slid 8% annually and its new orders were off by 10%.

ConAgra's (CAG: 23.92, -0.28, -1.16%) net income tumbled 48% during its fiscal fourth quarter and its non-GAAP EPS of 39 cents missed estimates by a penny. The maker of Chef Boyardee pasta said its revenue slid 5% to \$3.06 billion, compared to estimates for \$3.18 billion.

Autodesk (ADSK: 26.58, 0.32, 1.22%) boosted the lower end of its second-quarter outlook, now forecasting non-GAAP EPS of 25 cents to 28 cents and revenue of \$445 million to \$460 million. Analysts had been looking for EPS of 27 cents and revenue of \$454.8 million.

Nike (NKE: 70.16, 0.52, 0.75%) said its fiscal fourth-quarter net income jumped 53% and it posted an in-line non-GAAP profit of \$1.06. The company's revenue rose 8% to \$5.1 billion, narrowly missing estimates for \$5.15 billion.

McCormick & Co. (MKC: 38.99, 0.06, 0.15%) reported a 31% rise in fiscal second-quarter profits and a stronger-than-expected EPS of 49 cents. Net sales for the spice giant rose 5.4% to \$793.3 million, ahead of analysts' expectations for \$788 million.

Best Buy (BBY: 35.16, -0.64, -1.79%) raised its dividend by a penny to 15 cents a share. The dividend will be payable on Oct. 26 to shareholders of record as of Oct. 5.

Global Markets

The U.K.'s **FTSE 100** fell 1.51% to 5100.23, Germany's **DAX** lost 1.44% to 6115.48 and France's **CAC 40** tumbled 2.37% to 3555.36.

In Asia, Japan's **Nikkei 225** rose 0.05% to 9928.34, Hong Kong's **Hang Seng** slumped 0.59% to 20733.50 and China's **Shanghai Composite** slid 0.12% to 2566.75.