

## Stocks End Higher; EU Report 'Nothing New'

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Stocks closed higher Tuesday but off their best levels after traders remained skeptical over a report that France and Germany have agreed to increase EU bailout fund, calling the news "nothing new."

The **Dow Jones Industrial Average** jumped 180.05 points, or 1.58 percent, to close at 11,577.05, led by **BofA** [**BAC 6.49** ▼ **-0.42 (-6.08%)** 📉] and **JPMorgan** [**JPM 33.97** ▼ **-0.41 (-1.19%)** 📉]. **IBM** [**IBM 186.38** ▼ **-0.92 (-0.49%)** 📉] was the biggest laggard on the blue-chip index.

The **S&P 500** rallied 24.52 points, or 2.04 percent, to finish at 1,225.38. The **Nasdaq** gained 42.51 points, or 1.63 percent to end at 2,657.43.

**The CBOE Volatility Index**, widely considered the best gauge of fear in the market, finished near 32.

All 10 S&P sectors finished in the black, led by **banks** and **energy**.

France and Germany reached an agreement to increase the euro zone's bailout fund to 2 trillion euros as part of a plan to ease the debt crisis and to calm market uncertainties, reported The Guardian, citing EU diplomats.

The agreement comes ahead of a key crisis summit this weekend and on the heels of a **possible downgrade on France's AAA-rating** by Moody's.

"This news is nothing really new. I'm tired of headlines coming out in the final hour," said **Joe Saluzzi**, co-manager of trading at **Themis Trading**. "Is this news even fixing anything and is it sustainable? Maybe to the close, but until tomorrow, who knows? Unfortunately, this market is still very headline driven."

Meanwhile, **Bank of America** [**BAC 6.49** ▼ **-0.42 (-6.08%)** 📉] surged after the financial giant **posted a profit**, though the firm's main businesses showed signs of weakness as lending profit fell and expenses rose. Meanwhile, rival **Goldman Sachs** [**GS 105.04** ▼ **-2.64 (-2.45%)** 📉] posted its second quarterly loss as a public company as its investment bank and trading revenue tumbled. However, shares rallied as the firm's loss was **far less worrisome** that initially appeared.

Also among banks, **Citigroup** [**C 30.34** ▼ **-0.44 (-1.43%)** 📉] gained even after at least three brokerages cut their price target on the banking giant.

**IBM** [**IBM 186.38** ▼ **-0.92 (-0.49%)** 📉] slumped after the tech giant's revenue **barely met forecasts**, underscoring fears over slower IT spending. The company still beat earnings expectation and increased its 2011 EPS outlook. Analysts were mixed on the stock. BofA Merrill Lynch raised its price target on the firm to \$205 from \$190, while BMO slashed its rating to "market perform" from "outperform."

Elsewhere in earnings, **Coca-Cola** [**KO 67.78** ▼ **-0.87 (-1.27%)** 📉] ended lower after the beverage giant posted earnings that **beat estimates by a penny**, as sales increased internationally.

Meanwhile, fellow Dow component **J&J [JNJ 64.12 ▼ -0.22 (-0.34%)]** **posted lower earnings**, but shares finished higher as a weaker dollar and strong overseas demand helped the firm beat forecasts.

**Crocs [CROX 17.81 ▼ -0.08 (-0.45%)]** plummeted almost 40 percent Tuesday after the shoe maker slashed its quarterly outlook. In addition, at least two brokerages lowered their price targets on the stock.

**Intel [INTC 23.74 ▼ -0.46 (-1.9%)]** and **Apple [AAPL 400.24 ▼ -2.83 (-0.7%)]** are slated to post earnings after-the-bell tonight. Analysts expect Apple to present a positive short-term picture, with roaring sales of its iPhone and iPad.

### **Apple Earnings to Showcase iPhone Strength**

“The market changes direction by the hour,” said Peter Hall, partner at The Valence Group. “Volatility is going to continue at least until year-end. We’ll need to see two or three fundamentally strong quarters before macroeconomic issues begin to take the backseat.”

In other company news, **Boeing [BA 65.80 ▼ -0.39 (-0.59%)]** predicted more sales cancellations for its Dreamliner 787 after a Chinese airline scrapped 24 orders. Meanwhile, analysts were mixed on the stock. JPMorgan cut its price target on the firm to \$85 from \$89, while Citigroup raised its target to \$87 from \$85.

On the economic front, U.S. producer prices **rose more than expected** in September to log their biggest gain in five months, according to the Labor Department.

Meanwhile, homebuilder sentiment **climbed to its highest level in a year and a half** in October, despite sluggish sales in the summer, according to the National Association of Home Builders.

Homebuilders **DRHorton [DHI 11.55 ▼ -0.02 (-0.17%)]** **Pulte [PHM 5.48 ▼ -0.05 (-0.9%)]** and **Lennar [LEN 17.17 ▲ 0.10 (+0.59%)]** soared following the news.

Fed Chairman Ben Bernanke said policymakers may need to use monetary tools to **stop asset bubbles from forming** in the future, though other methods are preferable.