U.S. Stocks Extend Records on Earnings, Economy Optimism

By Oliver Renick
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U.S. stocks advanced, with the Standard & Poor’s 500 Index extending an all-time high, as investors watched corporate results and speculated the economy is strong enough to withstand a global slowdown.

Dean Foods Co. rallied 14 percent after reporting profit that topped forecasts. Toll Brothers Inc. climbed 2.3 percent to lead homebuilders higher after saying it expects to report sales that beat analysts’ estimates. Time Warner Cable Inc. and Comcast Corp. dropped at least 4 percent after President Barack Obama called for rules protecting an open Internet. Dendreon Corp. sank 81 percent after the maker of a prostate-cancer drug filed for bankruptcy.

The S&P 500 rose 0.3 percent to 2,038.26 at 4 p.m. in New York for a fourth day of gains. The Dow Jones Industrial Average climbed 39.81 points, or 0.2 percent, to 17,613.74, a record after five straight advances.

“The numbers in the third quarter showed a steady economy, we continue to have oil below $80, consumers feeling confident, low interest rates, and that’s a combination that works well for stocks,” Mark Kepner, an equity trader at Chatham, New Jersey-based Themis Trading LLC, said by phone. “Central banks have also been quite accommodative in what they’ve been saying and it seems to be working.”

U.S. companies added 230,000 workers to payrolls in October, ADP Research Institute reported last week. The jobless rate unexpectedly fell to a six-year low, even as more people entered the labor force. Earlier this month, The Bloomberg Consumer Comfort Index climbed to the second-highest level since 2008, as West Texas Intermediate crude oil fell to below $80 for the first time since 2009.

Oppenheimer Target

The S&P 500 has rebounded 9.4 percent from a six-month low on Oct. 15 amid better-than-estimated corporate results and economic data indicating the economy is strong enough to overcome any effects from a global slowdown and the end of Federal Reserve bond buying. The index rose 0.7 percent last week for a third straight gain and closed Nov. 7 at a record.

The Chicago Board Options Exchange Volatility index fell 3.4 percent to 12.67. The gauge of S&P 500 options has fallen 9.7 percent this month.

Last week’s rally “celebrated the fundamentals” as earnings and economic data point to “sustainability” of the expansion, John Stoltzfus, Oppenheimer & Co. chief market strategist, wrote in a note to investors today.

Stoltzfus raised his year-end target for the S&P 500 (SPX) to 2,080 from 2,014, implying a 2.4 percent gain from Nov. 7. The median target of strategists in a Bloomberg survey was 2,040.

Cisco, Wal-Mart
Cisco Systems Inc. and Wal-Mart Stores Inc. are among S&P 500 companies that report earnings this week. Of those that have posted results so far, 80 percent beat estimates for profit and 60 percent topped sales estimates, according to data compiled by Bloomberg.

“There is no downward pressure and people are waiting for another leg upwards,” Herbert Perus, who helps oversee $36 billion as head of equities at Raiffeisen Capital Management in Vienna, said in a phone interview. “One of the triggers could be the company news out this week with quarterly figures from Cisco and Wal-Mart.”

Eight of the 10 main S&P 500 groups advanced today, with health-care stocks rebounding to gain 1 percent. Energy shares sank 0.8 percent as oil resumed a selloff.

The Dow Jones Transportation Average added 1.3 percent to a record, with JetBlue Airways Corp. leading gains as crude oil futures lost 1.7 percent.

An S&P index of homebuilders rallied 1.3 percent. Lennar Corp. surged 1.7 percent to the highest since June 2007, and PulteGroup Inc. added 1.8 percent as nine of 11 members in the gauge advanced.

**Net Neutrality**

Dean Foods advanced 14 percent, the most in two years, to $16.40 after reporting third-quarter revenue of $2.37 billion, compared with the consensus analyst estimate of $2.35 billion.

Abercrombie & Fitch Co. (ANF) retreated 2.8 percent to $28.69 after Oppenheimer & Co. downgraded the shares to market perform, or hold, from outperform, or buy.

Time Warner Cable lost 4.9 percent to $136.50 and Comcast fell 4 percent to $52.95. Obama called for the “strongest possible rules” to protect the open Internet, saying there shouldn’t be “fast lanes” and that high-speed service should be regulated.

Dendreon sank 81 percent to 18 cents. The maker of Provenge filed for Chapter 11 bankruptcy protection, potentially wiping out shareholders.

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