

## **S&P 500 poised for biggest two-day gain in one month on Greece**

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U.S. stocks rose, sending the Standard & Poor's 500 Index toward its best two-day rally in a month, as concern about Europe's debt crisis eased after more investors indicated they will participate in Greece's swap.

Wells Fargo & Co. and JPMorgan Chase & Co. gained at least 1.1 percent, following a rally in European banks. Alcoa Inc. and Caterpillar Inc. added at least 1.9 percent to pace gains among the biggest companies. Coach Inc., the largest U.S. luxury handbag maker, climbed 5.2 percent after saying its business continues to be "strong" in China. McDonald's Corp. declined 3.3 percent as February sales trailed analysts' estimates.

The S&P 500 advanced 0.9 percent to 1,364.78 at 1:53 p.m. New York time, as all of its 10 groups gained. The benchmark gauge added 1.6 percent in two days. The Dow Jones Industrial Average rose 64.03 points, or 0.5 percent, to 12,901.36. About 3.7 billion shares changed hands on U.S. exchanges today.

"Greece has no choice and the bondholders have no choice," said Stanley Nabi, New York-based vice chairman of Silvercrest Asset Management Group, which oversees \$10.5 billion. "They're both in the mud. I believe they will accept the swap. That will cause a moderate sigh of relief in the market. How long it will extend? That's the big question mark."

Stocks gained today on speculation Greece was on the verge of reaching its participation target by the deadline of 10 p.m. in Athens. Greece may attract more than an 80 percent participation rate, the state-run Athens News Agency reported, without saying how it got the information. Participation is currently at more than 75 percent, the newswire said.

### Turn the Tide

The goal of the exchange is to reduce the 206 billion euros of privately held Greek debt by 53.5 percent and turn the tide against the debt crisis that has roiled Europe for more than two years.

"The authorities have managed to kick the can a fair way down the road," Alan Brown, the London-based group chief investment officer at Schroders Plc, said in a telephone interview. His firm oversees \$283.9 billion. "Reducing Greek debt is all well and good, but it doesn't do anything to restore Greece's competitiveness. This problem is likely to resurface and the question is when."

Today's rally in stocks extended the S&P 500's gain in 2012 to 8.5 percent. The index has rallied amid better-than-estimated economic data and expectations Europe would tame its debt crisis. Technology and financial shares had the biggest gains among 10 groups this year, adding at least 13 percent.

### Banks Rally

The KBW Bank Index added 1 percent today as 21 of its 24 stocks climbed. Wells Fargo climbed 2.5 percent to \$31.16. JPMorgan Chase increased 1.1 percent to \$40.39.

Investors also watched economic data as the number of Americans filing claims for jobless benefits rose to 362,000 last week, a level consistent with an improving labor market. The Labor Department will report monthly jobs data tomorrow, which economists forecast will show an increase of 225,000 private jobs and total non-farm payrolls growth of 210,000.

The Morgan Stanley Cyclical Index of companies most-tied to economic growth added 1.7 percent. The Dow Jones Transportation Average rallied 1.1 percent. A measure of homebuilders in S&P indexes increased 4 percent. Commodity and industrial shares had the

biggest gains in the S&P 500 among 10 groups. Alcoa, the largest U.S. aluminum producer, rallied 2.1 percent to \$9.75. Caterpillar, the world's biggest maker of construction and mining-equipment, rose 1.9 percent to \$110.30.

Coach advanced 5.2 percent to \$77.19. Analysts' estimates are likely to increase because of a boost in revenue and gross margins, Stifel Nicolaus & Co. said.

#### Record Premium

Monster Worldwide Inc. surged 3.7 percent to \$8.64. The online recruiting service that has lost almost 90 percent of its value is poised to extract a record takeover premium for investors. Chief Executive Officer Salvatore Iannuzzi said last week he is weighing options to boost the company's shares after Monster traded as low as 0.67 times the value of its net assets. competitor, said Matrix Asset Advisors Inc.

"It should wrest a high premium," said David Katz, chief investment officer at New York-based Matrix Asset Advisors Inc., which oversees about \$935 million and owned Monster shares as of February. Acquirers would still be "getting it at a steal."

McDonald's lost 3.3 percent, the most in the Dow, to \$96.86. The restaurant chain said sales at stores open at least 13 months rose 7.5 percent worldwide last month, trailing analysts' estimates for the first time since August, as consumers cut spending in Europe.

#### AIG Slumps

American International Group Inc. slumped 2.5 percent to \$28.71. The U.S. Treasury Department is selling \$6 billion in shares of American International Group Inc., the insurer rescued in 2008 after it suffered losses tied to wrong-way bets on the mortgage market.

Exxon Mobil Corp. slid 1.2 percent to \$84.83. The company expects its natural-gas and oil production to drop 3 percent in 2012. Exxon's forecast is based on an average price of \$111 a barrel for Brent crude, it said in a slide presentation at an investor meeting today.

Dendreon Corp. tumbled 8.5 percent to \$9.95. The shares had the biggest decline in the Russell 1000 Index. The maker of the prostate cancer drug Provenge slumped after Johnson & Johnson said its rival product, Zytiga, performed better than a placebo in a trial.

Apple Inc. gained 1.9 percent to \$540.96. The shares closed almost unchanged yesterday after the company unveiled new version of its iPad tablet computer. Apple took over from Wells Fargo as the stock most often in the top 10 holdings of the 50 largest mutual funds in the fourth quarter, and widened its lead among the biggest hedge funds, Citigroup Inc. said.

#### Largest Funds

Apple, based in Cupertino, California, was a top-10 holding for 18 of the 50 largest U.S. mutual funds in the period, Tobias Levkovich, Citigroup's chief U.S. equity strategist, wrote in a note yesterday. Wells Fargo, based in San Francisco, and Microsoft Corp. are in the top 10 holdings of 17 of the mutual funds. Apple gained 6.2 percent in the quarter, while the S&P 500 rallied 11 percent. Wells Fargo rose 14 percent and Microsoft added 4.3 percent.

"The 30 most held stocks for hedge funds shifted more heavily" to technology, Levkovich said in the report. "Apple remains the most-held stock for both growth and value hedge funds as well as for growth mutual funds while Wells Fargo remains the most owned for value oriented mutual funds."

The decreasing number of industry groups in "uptrends" may foreshadow a retreat by the U.S. stock market, according to Craig W. Johnson, a technical market strategist at Piper Jaffray in Minneapolis.

## Trending Higher

The amount of industries trending higher increased from October through last month to about 95 percent before slipping last week, Johnson said, citing an indicator watched by analysts who use charts to predict market direction. He said the high proportion signaled the market was due for a retreat.

"This advance is getting tired," Johnson said in a phone interview yesterday. "As the market gets to higher and higher levels, you start to see less and less participation," he said. "100 percent of the stocks up, 100 percent of the groups up" all the time isn't possible.

**Fonte: The Washington Post, Washington, 8 Mar. 2012, International, On-line.**

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