

SOURCE: Business Week (NY,NY)

AUDIENCE: 3,734,286 [provided by Nielsen//NetRatings]

DATE: 06-18-2010

HEADLINE: U.S. Stocks Advance to Finish Second-Straight Weekly Rally

Source Website

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June 18, 2010, 5:02 PM EDT

U.S. Stocks Gain, Led by Shares of Banks, Commodity Producers Oil Fluctuates on Lower-Than-Forecast GDP Gain, Drop in Dollar Colombia Peso Rallies on Optimism Santos Win to Spur Investment U.S. Stocks Climb as Job Losses Trail Estimates; Metals Rise Yoon Says S. Korean Inflation May Accelerate More Than Expected

By Nikolaj Gammeltoft

June 18 (Bloomberg) — U.S. stocks rose, capping the market (TM)s biggest back-to-back weekly rally since November, amid speculation Europe (TM)s efforts to contain its debt crisis are succeeding.

Exxon Mobil Corp. and Newmont Mining Corp. led commodity shares higher as oil rebounded above \$77 a barrel and gold surged to a record. JPMorgan Chase & Co. rallied 1.9 percent for the top advance in the Dow Jones Industrial Average. Walgreen Co. and CVS Caremark Corp. climbed at least 1.9 percent after ending a dispute over drug plans. Cisco Systems Inc. jumped 1.4 percent after signing a deal with China (TM)s biggest Web company.

The S&P 500 rose 0.1 percent to 1,117.51 as of 4 p.m. in New York and is up 2.4 percent over the past five days, adding to last week (TM)s 2.5 percent rally. The Dow Jones Industrial Average gained 16.47 points, or 0.2 percent, to 10,450.64. Both erased their 2010 losses this week and ended at one-month highs.

"It would appear we might be through this correction," said Hank Smith, who helps oversee \$6 billion as chief investment officer of Haverford Trust Co. in Radnor, Pennsylvania. "Once again basic material and industrials are leading the market advance. That is a positive sign about economic growth."

The S&P 500 has jumped 6.4 percent since June 7 after slumping 14 percent from a 19-month high in April. The rebound came as economic data pointed to strength in U.S. manufacturing and concern eased that Europe (TM)s debt crisis and China (TM)s efforts to cool its economy will derail the global recovery.

Quadruple Witching

Equities fluctuated for much of today as the expiration of futures and options contracts on indexes and individual stocks added to price swings. So-called quadruple witching occurs once every three months. The quarterly rebalancing of the S&P 500 and S&P gauges of smaller companies was also scheduled for after the close, adding to volatility.

Energy producers rose the most among 10 industry groups in the S&P 500, gaining 0.6 percent, as oil reversed earlier losses. Exxon Mobil, the largest U.S. energy company, climbed 0.8 percent to \$63.10. Crude oil for July delivery gained 38 cents to \$77.17 a barrel in New York.

Newmont Mining increased 2.6 percent to \$61.25. Gold futures for August delivery rose 0.8 percent to a record \$1,258.30 on the Comex in New York, a record settlement price.

DuPont, the third-largest U.S. chemical maker, gained 1.5 percent to \$38.36 for the second-biggest increase

in the Dow.

Bank of America Corp., JPMorgan and HSBC Holdings Plc raised \$7.65 billion in the bond market as investors grew more confident Europe (TM)s debt crisis will be contained, averting another credit freeze for lenders. JPMorgan gained the most in the Dow, rising 1.9 percent to \$39.18.

European Shares

The Stoxx Europe 600 Index gained 0.2 percent to 255.5 in its eighth day of gains, the longest winning streak since July 2009. The euro capped its biggest weekly gain since May 2009, rising 2.2 percent to almost \$1.23.

Walgreen rose 2.8 percent to \$30.09 and CVS Caremark Corp. climbed 1.9 percent to \$32.43. The largest U.S. drugstore chains agreed to allow pharmacy-benefits customers to keep filling prescriptions at Walgreen (TM)s locations, ending an 11-day dispute.

Cisco rose 1.4 percent to \$23.49. The world (TM)s largest maker of networking equipment signed an agreement with Tencent Holdings Ltd. to develop communication services for corporate clients in China.

HCP Inc. fell the most in the S&P 500, dropping 4.8 percent to \$32.72. The health-care real estate investment trust said it priced 13.5 million shares for \$33 each, boosting the offering from previously announced 12 million shares.

Pfizer Inc., the world (TM)s biggest drugmaker, fell 1.7 percent to \$15.21 for the biggest drop in the Dow. Health-care stocks lost 0.3 percent, the biggest drop in the S&P 500 among 10 industry groups.

Above 200-Day Average

The S&P 500 rallied 2.4 percent this week, adding to last week (TM)s 2.5 percent advance remaining above its 200-day average for four straight days, a move considered significant by investors who base trading decisions on chart patterns.

"Being able to hold above 1,100 and above its 200-day moving average is very encouraging," said **Sean Clark**, who helps oversee \$2.1 billion dollars as chief investment officer of **Clark Capital Management** Group in Philadelphia. "We expected the market to peak out in the second quarter. I think much of the downside is complete. I would expect the market to rebound from here. We (TM)re expecting 1,175 to 1,200 on the S&P. "

The S&P 500 had traded below the 200-day average level for a month as concern grew that Europe (TM)s debt crisis will derail the economic recovery and BP Plc (TM)s leaking well triggered the worst oil spill in U.S. history.

BP News

"BP continues to dominate the news flow and the jobless claims number from yesterday is still on investors (TM) minds," said Matt McCormick, a portfolio manager at Cincinnati-based Bahl & Gaynor Inc., which has \$2.8 billion under management. "We are in a recovery but it is going to be a long haul. "

Initial jobless claims rose by 12,000 to 472,000 last week, figures from the Labor Department showed yesterday. BP Plc (TM)s U.S. shares gained 0.2 percent to \$31.76 and have fallen 47 percent since the April rig explosion in the Gulf of Mexico triggered the oil spill.

Tesoro Corp. gained the most in the S&P 500, rising 3.7 percent to \$12.30. The biggest independent refiner on the U.S. West Coast was raised to "sector perform " from "underperform " at RBC Capital Markets.

Former Federal Reserve Chairman Alan Greenspan said in an opinion piece in the Wall Street Journal that the U.S. may soon face higher borrowing costs on its swelling debt and called for a "tectonic shift " in fiscal policy to contain borrowing.

"The federal government is currently saddled with commitments for the next three decades that it will be unable to meet in real terms, " Greenspan wrote in an opinion piece posted on the Wall Street Journal (TM)s website. The "very severity of the pending crisis and growing analogies to Greece set the stage for a serious response. "

Smart Modular Technologies Inc. jumped 3.5 percent to \$6.73. The storage chipmaker forecast fourth-quarter sales of at least \$200 million, beating the average analyst estimate of \$186.4 million.

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