

## Wall Street at Noon

# Investors discouraged by rising oil prices, flat factory orders

NEW YORK (AP) - Stocks gave up a brief rally Wednesday and resumed the selling seen in recent weeks after factory orders showed their the weakest performance in three months in May and as energy prices rose.

Investors also squared positions ahead of the government's June employment report due Thursday.

The Commerce Department's report that factory orders rose by 0.6 percent - in line with a consensus of Wall Street economists surveyed by Thomson Financial - offered investors little incentive to make big moves either way. The increase follows a gain of 1.3 percent for April and showed weakening demand for autos, heavy machinery and steel.

The data offer further evidence that higher energy prices are causing some businesses and consumers to pare their spending. The report comes a day ahead of the June employment report from the Labor Department, which is expected to show the sixth month of jobs losses but a slight improvement in the unemployment rate. Employment is crucial because consumer spending accounts for more than two-thirds of U.S. economic activity.

"The factory orders were kind of a surprise on the positive side but the market has just eroded," said Stephen Carl, principal and head of equity trading at The Williams Capital Group in New York. "I think it's kind of staying the course," he said, referring to the market's recent weakness.

"It's an abbreviated week and I think people are going to start to pack it in in the afternoon," he said. The stock market closes three hours early, at 1 p.m. EDT, on Thursday ahead of the 4th of July weekend.

### Trading Indicators

In early afternoon trading

Wednesday, the Dow Jones industrial average fell 64.98, or 0.57 percent, to 11,317.28.

Broader stock indicators also declined after an early advance. The Standard & Poor's 500 index fell 8.33, or 0.65 percent, to 1,276.58, and the Nasdaq composite index fell 31.36, or 1.36 percent, to 2,273.61.

Declining issues outpaced advancers by about 2 to 1 on the New York Stock Exchange, where volume came to 733.7 million shares.

Bond prices rose. The yield on the benchmark 10-year Treasury note, which moves opposite its price, fell to 3.97 percent from 4.01 percent late Tuesday. The dollar

slipped versus other major currencies, while gold prices fell.

### Oil And Gas Prices

Oil rose after Energy Department reported that U.S. crude oil supplies fell more than expected last week; the report also showed that gasoline stockpiles unexpectedly grew. A barrel of light sweet crude rose \$1.76 to \$142.73 on the New York Mercantile Exchange.

Gasoline prices hit a fresh high ahead of the July 4 holiday weekend, increasing half a penny overnight to \$4.092 a gallon on average, according to AAA, the Oil Price Information Service and Wright Express.

### One Analysis On Market

With concerns about rising energy prices, falling home values and a jittery Wall Street, Harry Clark, president of Clark Capital Management in Philadelphia, contends that many average investors have already pulled their money from the markets.

"I don't think this is an investors' market right now," he said. "I think there is a lot of money on the sidelines and once you get some kind of good catalyst - anything to make the market look better - they'll come rushing into the market."



Clark said Friday's employment report could show that the economy is holding up better than some investors have predicted.

"I still think it's going to be negative but not as negative as people are expecting," he said. "Things aren't as bad as people think they are. We're talking ourselves into a market decline and a recession."

#### News of Companies

In corporate news, Microsoft Corp. has approached other media companies about a bid to acquire Yahoo Inc., according to a report in The Wall Street Journal. Yahoo rose \$1.28, or 6.3 percent, to \$21.48, while Microsoft fell 53 cents, or 1.97 percent, to \$26.34.

Starbucks Corp. rose 10 cents to \$15.72 after announcing plans to close 600 company-operated stores in the next year because of the faltering U.S. economy. The company said 70 percent of those slated for closure opened after the start of 2006.

And Blockbuster Inc. said it is withdrawing its proposal to buy Circuit City Stores Inc. Blockbuster said the proposed deal, at a price of more than \$1 billion, didn't make sense because of market conditions. Blockbuster jumped 26 cents, or 10 percent, to \$2.77, while Circuit City fell 40 cents, or 15.7 percent, to \$2.15.

Health insurer UnitedHealth Group Inc. lowered its 2008 profit forecast, citing reduced commercial business and higher-than-expected Medicare-related costs. Separately, the company also said it agreed to pay \$895 million to settle a class-action lawsuit with the California Public Employees Retirement System and the Alaska Plumbing and Pipefitting Industry Pension Trust. UnitedHealth advanced 20 cents to \$25.83.

General Motors Corp. fell \$1.30, or 11 percent, to \$10.45 after an analyst cut his rating and another reduced his price target on the company. The moves come a day after the automaker posted better-than expected June sales figures that topped Toyota Motor Corp. GM was the weakest of the 30 stocks that comprise the Dow industrials.

#### Midday Trends

The Russell 2000 index of smaller companies fell 12.63, or 1.83 percent, to 678.96.

#### History Highlight

On July 2, 1776, the Continental Congress passed a resolution saying that "these United Colonies are, and of right ought to be, free and independent States."

Printing imperfections present during scanning