

## Stocks end higher for 4<sup>th</sup> day

Ben Rooney, CNNMoney.com staff reporter  
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NEW YORK (CNNMoney.com) -- Stocks held on to modest gains Wednesday, closing higher for a fourth day, as strength in technology shares and commodities offset concerns about the housing market.

The Dow Jones industrial average (INDU) rose 1 point, or less than 0.1%. The S&P 500 index (SPX) gained about 2 points, or 0.2%. Both indexes are within range of fresh 14-month highs. The Nasdaq composite (COMP) rose 17 points, or 0.7%, closing at a fresh 15-month high.

"The economic news today wasn't exactly positive," said David Levy, portfolio manager at Kenjol Capital Management. "Still, it's noteworthy that the market has moved to new highs in the face of some mixed economic news."

Stocks slid in early trading after the government said sales of new homes unexpectedly plunged in November, raising worries about the economic recovery. A separate report showed personal incomes and spending both rose at a slower-than-expected pace last month. But a survey of consumer sentiment rose to a 3-month high.

The market regained ground in the afternoon as a rally in the oil market helped boost shares of energy producers and industrial companies.

Oil prices surged nearly 3% after government data showed the nation's supplies of crude fell last week. Gold also rose as the dollar softened against rival currencies. Bond prices were mixed.

Technology stocks continued to rally. Online auction house eBay (EBAY) gained 4.5% and search engine Yahoo (YHOO) rose nearly 4%.

Meanwhile, Home Depot (HD) and Merck (MRK) were the worst performers on the Dow. The No. 1 home improvement chain fell 1%, while the drugmaker slid 1.3%.

Bank stocks also took a hit, with Bank of America (BAC) and JPMorgan (JPM) both falling about 1%.

Market volume was light Wednesday with many investors away for the Christmas holiday. The stock exchange will close early Thursday and will remain dark Friday.

"Many investment houses have skeleton crews," said Lawrence Creatura, a portfolio manager with Federated Clover Investment Advisors. "We're in a period of the year when you shouldn't read too much into daily market movements."

Stocks have been range bound recently as investors look to protect gains accumulated over the last several months. The market has rallied broadly since March as a flood of government stimulus money has helped the economy emerge from one of the deepest recessions on record.

For the year, the major indexes are all on track to post double-digit percentage gains. The Dow has gained over 19% so far this year, while the S&P 500 is up about 24% year to date. The Nasdaq has been the best performer of the year, climbing about 44%.

The CBOE Volatility Index, or VIX (VIX), edged higher Wednesday after sliding below 20 for the first time since August 2008 on Tuesday. The so-called fear index was up 0.4% to 19.63.

The gauge hit an all-time high of 77 in October 2008 when the global economy was on the verge of a meltdown. But it has been declining since March as financial markets around the world have charged higher.

**Economy:** The Commerce Department said new home sales posted the biggest decline since April. Sales fell 11% last month to an annual rate of 355,000 units from a downwardly revised 400,000 units in October.

Economists had expected the rate to rise to 438,000, according to consensus estimates from Briefing.com.

Analysts said the drop in sales was due largely to the expected Nov. 30 expiration of a popular \$8,000 tax credit for first time homebuyers. The credit was later extended to April 30, 2010.

"We are paying people to buy houses through various government incentive programs," Creatura said. "To have sales sink despite that is a significant surprise."

However, monthly new home sales figures are typically volatile, Creatura said, adding that "one data point does not a trend make."

Another Commerce Department report showed personal income climbed by 0.4%, or \$49.7 billion, in November, after an upwardly revised 0.3% rise in October. That was the biggest gain since May, when it rose 1.5%. The figure was still below a consensus estimate of a 0.5% rise collected by Briefing.com.

Spending by individuals rose 0.5% last month, or \$47.9 billion, below analysts' expectations of a 0.7% hike. Personal spending was up 0.6% in October.

Separately, the Reuters/University of Michigan Surveys of Consumers said the final December reading on the index of consumer sentiment was 72.5, the highest since September. That was up from 67.4 in November and 60.1 a year ago.

"Consumer sentiment continues to improve," Levy said. "That's a good thing because the economic recovery is heavily dependent on a rebound in consumer spending."

**World markets:** Asian markets closed higher, with Hong Kong's Hang Seng index up more than 1%; Tokyo was closed for a holiday. European indexes closed higher, with London's FTSE gaining 0.8%.

**Currency and commodities:** The dollar was mixed against the major international currencies: slipping against the euro and the yen but remaining flat against the pound.

Crude oil for February delivery rose \$2.27 to settle at \$76.67 a barrel.

Gold for February delivery rose \$7.30 to settle at \$1,094.00 per ounce, after sliding more than \$20 in the prior two sessions.