

Dow posts 1st weekly gain in a month

Hibah Yousef, CNNMoney.com staff reporter
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NEW YORK (CNNMoney.com) -- Stocks turned up during the last hour of trade Friday after a choppy session, erasing deep losses triggered by a disappointing retail sales report, and the Dow posted its first weekly gain in a month.

The Dow Jones industrial average (INDU) added 39 points, or 0.4%. The index was down as much as 90 points earlier in the session, with pressure from a decline in the consumer sector and energy shares.

The S&P 500 index (SPX) rose 5 points, or 0.4%, and the Nasdaq composite (COMP) gained 25 points, or 1.1%. Like the Dow, the other indexes started sharply lower and bounced between negative and positive territory throughout the session. Both indexes finished higher on the week.

U.S. stocks rallied Thursday, with the three major indexes rising 3%, as concerns about Europe's debt crisis eased, supporting gains in the region's shared currency. The euro climbed against the dollar to its highest level in a week, rising above \$1.21.

Stocks sank at Friday's open as investor digested an unexpected 1.2% drop May retail sales, but trimmed those losses following a report that showed a rise in consumer confidence.

The University of Michigan's consumer sentiment index rose to 75.5 in June, up from 73.6 in May. Economists were expecting the figure to rise to 74.5.

"Consumer confidence won out over retail sales," said Dan Alpert, managing partner at Westwood Capital. "Even though stocks were still flowing mostly in negative territory through the day, the downside would have been sharper without that boost in consumer confidence."

Despite two straight days of gains, analysts said the markets will remain choppy, as Europe's debt crisis, BP's oil mess, stubbornly high unemployment and recent volatility weigh on stocks.

"There's not a whole lot of good news and investors are standing on the sidelines waiting for the smoke to clear," said Kenny Landgraf, principal and founder of Kenjol Capital Management. "We need to see some stability, but we're not likely to get it until the quarter ends and earnings season begins. But that's still a few weeks away."

Economy: A report from the Commerce Department showed that business inventories increased 0.4% in April, missing economists' expectations of a 0.5% rise.

Companies: Dell said late Thursday it is nearing a resolution with the Securities and Exchange Commission on a mysterious case linked to a government investigation into the computer giant launched in August 2005. The company said it has set aside \$100 million for a potential fraud settlement. Shares of Dell (DELL) were down 0.4%.

BP's (BP) stock was 3% higher as reports said the company might defer or decrease its second-quarter dividend, due to pay out next month, as political pressure mounts over the Gulf oil spill.

Shares of Wendy's/Arby's Group (WEN) jumped 4% after hedge fund manager Nelson Peltz of Trian Fund Management, the fast-food company's largest shareholder, said an unnamed group expressed interest in acquiring the Wendy's/Arby's.

World markets: European markets ended mixed. France's CAC 40 climbed 1.1% and Britain's FTSE 100 rose 0.6%, while the DAX in Germany closed down 0.1%.

Stocks in Asia closed higher. Japan's benchmark Nikkei index rose 1.7% and the Hang Seng in Hong Kong finished the session up 1.2%.

Dollar and commodities: The dollar gained ground against other major currencies. The greenback rose 0.3% on the euro and climbed 1.3% against the British pound. The dollar was 0.4% higher against the Japanese yen.

U.S. light crude oil for July delivery fell \$1.70 to \$73.78 a barrel, and gold for August delivery rose \$8.00 to \$1,1230.20 an ounce.

Bonds: Treasury prices were higher, pushing the benchmark 10-year note's yield down to 3.23%. Bond prices and yields move in opposite directions.

Market breadth. On the New York Stock Exchange, winners topped losers by a almost three to one on trading volume of 1 billion shares. On the Nasdaq advancers topped decliners five to two on 1.8 billion shares.