

## Stocks fall on economic fears

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NEW YORK (CNNMoney.com) -- Stocks fell Wednesday as a worse-than-expected report on durable goods orders and weaker quarterly results from Boeing and others added to concerns about the pace of the economic recovery.

The Dow Jones industrial average (INDU) lost 40 points, or 0.4%. The S&P 500 (SPX) lost 8 points, or 0.7%. The Nasdaq (COMP) composite lost 24 points, or 1%.

The surprise drop in durable goods orders and a slide in European markets kept concerns about the U.S. economy front and center.

"I think the selling today was a result of us getting overbought in the short term, as a result of the S&P rising 8% this month," said David Levy, portfolio manager at Kenjol Capital Management.

"The bigger picture is that we're still in a tug-of-war between better earnings news and mixed economic news," he said. "Today some of the earnings news wasn't as good as it has been and the economic news was also disappointing, so people backed out."

Bets on a strong profit reporting period fueled stock gains through most of July. Month-to-date, the Nasdaq, S&P 500 and Dow industrials are all up between 8% and 8.5% through Thursday's close.

Thanks to that strength, stocks have erased second-quarter losses, leaving the major stock gauges all near breakeven for 2010. But in order for stocks to make gains through year-end, investors need more reassurance that the economic recovery will be sustainable, even if it is weaker than had been hoped during last year's rally.

"There's still a lot of uncertainty about employment, real estate and the deficit," said Gary Webb, CEO at Webb Financial Group. "I think we'll end the year higher but probably not by much."

### Fear hobbling the recovery

**Economy:** Durable goods orders fell 1% in June after dropping 0.8% in May, surprising economists who thought orders would rise 1%. Durable goods orders are orders on products meant to last at least three years, such as cars and computers.

The economy continues to improve at a modest pace, according to the latest "beige book" report released by the Fed in the afternoon. Economic activity held steady or improved in 10 of the 12 districts, the central bank said.

**Quarterly results:** Dow component Boeing (BA) said its second-quarter profit fell from a year earlier, due to less airplane deliveries and defense revenue. The company's weaker quarterly revenue and earnings topped the average forecast of analysts surveyed by Briefing.com. Shares dropped just short of 2%.

Comcast (CMCSA) reported weaker quarterly earnings and higher revenue, as costs associated with its takeover of NBC Universal were countered by higher advertising revenue. Results on both an earnings and revenue basis were above consensus. Shares of the cable operator gained 1.2%.

Sprint Nextel (S) posted its first rise in subscribers in three years, but also posted a wider second-quarter loss as it lost more lucrative customers who hold longer-term deals. Shares gained modestly.

ConocoPhillips (COP) was one of several oil companies to report a big jump in quarterly earnings and revenue that topped estimates, thanks to a turnaround in refining. Shares were little changed. Exxon Mobil (XOM) reports results Thursday.

Aetna (AET) and WellPoint (WLP) both posted better-than-expected profits and boosted their full-year forecasts, but shares fell anyway.

**World markets:** European shares were mixed. The CAC 40 in France gained 0.1%, Germany's DAX fell 0.5% and the FTSE 100 lost 0.9%.

Asian markets rallied. Japan's Nikkei gained 2.7%. The Hong Kong Hang Seng gained 2.6%. The Shanghai Composite gained 2.3%.

**Currencies and commodities:** The euro fell against the dollar after seesawing through the day, while the U.S. currency fell versus the Japanese yen.

U.S. light crude oil for September delivery fell 19 cents to \$76.80 a barrel on the New York Mercantile Exchange.

COMEX gold for August delivery rose \$2.80 to \$1,163.90 per ounce.

**Bonds:** Treasury prices rose, lowering the yield on the 10-year note to 3.00% from 3.05% late Tuesday. Bond prices and yields move in opposite directions.

**Market breadth:** Breadth was negative. On the New York Stock Exchange, losers beat winners by two to one on volume of 1 billion shares. On the Nasdaq, decliners beat advancers by over two to one on volume of 1.88 billion shares.