

Wall St. Posts Moderate Gains on Corporate Reports

By **CHRISTINE HAUSER** August 9, 2010

A strong economic report in Germany and some positive corporate results got shares in the United States off to a mildly good start Monday, but the gains were slight as investors appeared hesitant to take positions before the [Federal Reserve](#) meeting.

The market ended last week about 1 percent higher despite a handful of tepid economic reports that showed a weak jobs market and slack retail sales.

On Monday, with no economic indicators scheduled, investors appeared to take what little incentive there was for direction from corporate reports, including one from [McDonald's](#), and from a report that showed strong export statistics in Germany, which supported European markets.

Germany's federal statistical office reported Monday that [exports rose 3.8 percent](#) in June from May. Exports were up about 29 percent from June a year ago. Imports rose 1.9 percent.

And McDonald's said that sales at restaurants open at least 13 months [rose 7 percent](#) overall, and 5.7 percent in the crucial American market. The company's shares gained 1.83 percent.

While these factors might have contributed to slight gains in the United States, there was heightened anticipation as to what the Federal Reserve policy-making committee might announce after its meeting on Tuesday, especially after Friday's jobs report came in weaker than expected.

“People are going to be hesitant about taking any big positions in front of the Fed meeting,” said James Paulsen, the chief investment strategist for Wells Capital Management. “There certainly is a building concern and now added uncertainty about what the Fed might do or say.”

“I think we might be a little trend-less until after the meetings,” Mr. Paulsen said, referring to the market movements ahead of the Fed meeting on Tuesday.

The Dow Jones industrial average rose 38.22 points, or 0.36 percent, in late morning trading. The broader Standard & Poor’s 500-stock index rose 0.33 percent and the Nasdaq was up 0.45 percent.

In London, the FTSE 100 was up 72.77 points, or 1.4 percent, while the DAX in Frankfurt rose 78.86 points, or 1.3 percent. The CAC 40 in Paris was 55.62 points, or 1.5 percent, higher. Shares in Asia were mostly higher.

[Ralph Fogel](#), investment strategist and partner at Fogel Neale Partners, said there was renewed talk that the Fed would start [quantitative easing](#) measures.

“People are waiting for the Fed tomorrow,” Mr. Fogel said. “We are in a precarious situation with the interest rates declining, and everybody being fearful of going backwards and decelerating.”

Concerns about the economy had sharpened last week after the [Bureau of Labor Statistics](#) reported that the overall economy lost 131,000 jobs and private employers added 71,000 jobs last month, less than the analysts’ expectations of an additional 90,000 jobs.

That contributed to a rally in the bond market, with investors bidding up prices as yields declined. Two-year [Treasury](#) note yields briefly fell below 0.50 percent for the first time ever. The price of the benchmark 10-year Treasury note rose on Friday and the yield fell to 2.82 percent, from 2.90 percent late Thursday.

Yields on the 10-year note were little changed, and there appeared to be a reluctance to depart safe haven assets, said Kevin Giddis, executive managing director and president of

“It appears that investors are taking some money off the table, waiting, and then looking for a spot to get back in,” Mr. Giddis said . “That is what is facing the Fed this week as they meet to discuss some way, any way, to get the U.S. economy growing at a pace necessary to create jobs.”

The Fed has only a few tools left to use, Mr. Giddis said in a research note. They could drop the Fed funds rate to almost zero, reduce the interest it pays on excess reserves, or buy more securities.

“We kind of know the story,” said Mr. Paulsen. “It has to really be outstanding to move something. There is no other real fundamental report.”

Financials and health care stocks traded slightly lower, while telecommunications shares rose.

Hewlett-Packard shares traded 8 percent lower Monday, after Friday’s announcement that the company’s chief, **Mark V. Hurd**, was ousted from his job after the company’s executives said he had falsified expense reports and had broken the trust of the board by trying to hide his relationship with a marketing consultant.