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Stocks Finish Mixed After Oracle Disappoints

Chao Deng

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NEW YORK ([TheStreet](#)) -- Stocks failed to recover from the day's losses by the close Wednesday as tech weakness kept the **Nasdaq** in the negative.

The **Dow Jones Industrial Average** ended 4 points higher, or 0.03%, at 12,107, after losing 104 points at the session's low. The index gained 337s point in the previous session. The **S&P 500** crept up 2 points, or 0.2%, to 1244 after sinking throughout much of the session.

The tech heavy **Nasdaq** suffered the most, shedding 26 points, or 1%, at 2578. Weighing down the index was software giant **Oracle(ORCL)**, which missed quarterly earnings for the first time in a decade. The company lost 12% while peers **IBM(IBM)**, **Cisco(CSCO)** and **Hewlett-Packard(HPQ)**, were down 3.1%, 2.6% and 1.8%, respectively.

Oracle reported adjusted second-quarter earnings of 54 cents a share, falling short of the average analyst target of 57 cents, according to *Thomson Reuters*. The company expects adjusted earnings of 55 to 58 cents a share compared with the current average analysts' view of earnings of 58 cents per share in the February-ending quarter.



Market participants welcomed a bigger than expected loan to eurozone banks from the European Central Bank as a step in the right direction, although they questioned whether it would alleviate the debt crisis and restore confidence in the long term. Equities initially advanced on the news, although retreated as it seemed that the move would mean more drag on the ECB's balance sheet. Investors also took it as a sign that banks face big funding pressures in the market. Italian and Spanish yields began trending higher following the news.

Specifically, the ECB decided to extend three-year loans, or loans with maturities lasting more than about a year, to more than 500 banks, effectively stepping up to a role akin to the lender of last resort. The central bank will allot €489 billion in loans, a record amount for a single operation, at a low benchmark interest rate of 1%. Analysts had only expected €300 billion in loans according to *Reuters* and *Bloomberg*.

"The key question remains what the banks will do with the newly acquired funds," said Brown Brothers Harriman global head of currency strategy Marc Chandler. "We suspect that to the extent banks buy sovereign bonds, they will purchase their own sovereign bonds rather than their neighbor's."

"The loans certainly provide the banks with liquidity for the near term," says EverBank World Markets vice president, Chris Gaffney. "Now we will wait to see if they put any of these funds back into the sovereign debt markets."

"Overall, it seems financial institutions are hesitant of lending to each other," says Ralph Fogel, partner at Fogel Neale. "Banks are still worried about future funding and will continue to shed the debt of southern European sovereigns."

Germany's DAX settled 0.95% in the red, while London's FTSE closed 0.55% lower. Overnight, Japan's Nikkei Average finished 1.48% higher, and Hong Kong's Hang Seng Index closed up 1.86%.

A disappointing report on existing home sales also weighed on sentiment. Sales in November rose 4% to a seasonally adjusted annual rate of 4.42 million units in November from the previous month, the National Association of Realtors reported Wednesday. However, the October sales rate was downwardly revised to 4.25 million, compared with the previously reported 4.97 million. For the period of 2007 through 2010, sales and inventory were downwardly revised by 14.3%. Economists had forecast a seasonally adjusted annual rate of 5 million in November.

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In corporate news today, **Delphi Financial**([DFG](#)), the insurance company, is being acquired for \$2.7 billion by Japan's **Tokio Marine**. Tokio Marine will pay \$43.875 for each class A share of Delphi Financial. The stock soared 73% to \$44.

Walgreen's([WAG](#)) fiscal first-quarter profit fell more than 4%. Walgreen said earnings declined to \$554 million, or 63 cents a share, from \$580 million, or 62 cents a share, a year earlier. It had more shares outstanding in the year-earlier quarter. Revenue rose 4.7% to \$18.16 billion. The stock fell 0.4% to \$33.37.

CarMax([KMX](#)), the used-car retailer, earned \$82.8 million, or 36 cents a share, compared with \$82.4 million, or 36 cents a share, a year earlier. Revenue rose 7% to \$2.26 billion. Analysts were expecting profit of 38 cents a share in the third quarter on revenue of \$2.25 billion. Shares plunged 5.5% to \$29.35.

Microsoft([MSFT](#)) and **Nokia**([NOK](#)) flirted in recent months with the idea of making a joint bid for BlackBerry maker **Research In Motion**([RIMM](#)), *The Wall Street Journal* reported, citing people familiar with the matter. The status of the talks remains unclear, the newspaper said. The *Journal's* reports follows one from *Reuters* on Tuesday that said **Amazon**([AMZN](#)) explored making a bid for RIM. Shares of Research In Motion surged 10% to \$14.15.

Nike's([NKE](#)) fiscal second-quarter earnings [beat analysts' expectations](#). The sneaker and sports apparel maker reported earnings of \$469 million, or \$1 a share, on revenue of \$5.73 billion, an increase of 18% from the same quarter last year. Analysts were expecting profit of 97 cents a share in the November quarter on revenue of \$5.63 billion. Shares rose 2.8% to \$96.23.

February oil futures rose \$1.43 to \$98.67 a barrel. February gold futures fell \$4 to \$1,613.60 an ounce alongside the euro.

The benchmark 10-year Treasury was falling 11/32, pushing the yield to 1.963%. The U.S. dollar was rising against a basket of six major currencies, with the dollar index up 0.1% at \$79.94.

-- Written by Chao Deng and Andrea Tse in New York.

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