



# Europe worries Wall Street again, and stocks fall



By JOSHUA FREED, AP Business Writer – 3 minutes ago

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Stocks steadily gained ground Thursday after falling sharply at the open. Investors weighed renewed concern about Europe against the latest encouraging report about the U.S. job market.

The Dow Jones industrial average lost as much as 134 points but by midafternoon had broken even at 12,418. The Standard & Poor's 500 index erased its losses and was up 4 at 1,281. The Nasdaq gained 21 to 2,670.

In Europe, trading in UniCredit, a large Italian bank, was halted after the stock lost a quarter of its value. The bank said Wednesday that it would need to offer huge discounts to investors to raise money.

And a financial crisis deepened in Hungary, which had to pay a staggeringly high interest rate of 10 percent on its 12-month debt. That is far above the 7 percent level that forced Greece and Portugal to seek bailouts.

Taken together, the news raised fears on Wall Street that Europe's debt crisis would spread from small countries such as Greece and infect much larger ones such as Italy that are too big to be bailed out.

"The positives that are coming out of our economy are less significant than the fear that is coming out of Europe," said Ralph Fogel, an investment strategist and partner at Fogel Neale Partners in New York.

Stocks fell more than 2 percent in Italy, Greece and Spain. Markets in the bigger, more stable economies of Britain and Germany fell slightly.

The euro fell to just below \$1.28, down more than a penny from Wednesday, to its lowest since September 2010. The euro spent most of last year, even the most uncertain days of the European debt crisis, above \$1.30.

In the U.S., Barnes & Noble plunged 23.8 percent after the company lowered its profit forecast and said it might spin off its Nook e-reader, which faces competition from the Amazon Kindle and the Apple iPad, as a separate business.

Other retailing companies fell, too, after their December sales failed to impress Wall Street.

Upscale stores did well, but others struggled. Macy's beat expectations for sales and rose 1 percent. But Target, J.C. Penney Co., Sears and Gap were all among the worst performers in the S&P 500, each down more than 3 percent.

The Labor Department reported another drop in the number of people filing for unemployment benefits, and ADP, which processes payroll data, said private employers added 325,000 jobs last month.

The reports signaled further, though not dramatic, improvement in the job market. The government reports Friday on how many jobs were created in December and on the unemployment rate, which stands at 8.6 percent.

In other U.S. corporate news:

— MetroPCS Communications Inc., the fifth-largest cellphone company in the U.S., fell 9 percent after reporting new subscriber growth that was lower than analysts had expected.

— Constellation Brands Inc., which makes Robert Mondavi wine and Svedka vodka, fell 3.6 percent after its quarterly profit dropped 25 percent. North American wine and beer sales were weaker.

— Tesoro Corp., a Texas oil refiner, plunged 6.9 percent. It said it lost money in the final three months of 2011 because the rising price of crude oil made refining more expensive at the same time gasoline prices were falling.

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