

Wall Street Celebrates Good August Manufacturing Report

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NEW YORK (AP) — Stock futures rallied Friday as traders were encouraged that orders for manufactured goods excluding the volatile transportation sector rose sharply last month.

A surprise jump in business confidence in Germany also tempered fresh worries about Europe's economy, driving stocks higher in Europe and the U.S. Stocks fell Thursday, in part, due to news that business activity slowed in the 16 countries that used the euro. The euro rose sharply against the dollar following the report.

However, some investors remained cautious about the global economy and sought perceived safer alternatives to stocks. Gold rose above \$1,300 an ounce for the first time. The weaker dollar also supported gold prices.

Traders received some upbeat news about the U.S. economy as well, a day after a jump in unemployment claims helped drive stocks lower.

The Commerce Department said orders for durable goods excluding transportation orders jumped 2 percent in August, double the amount expected by economists polled by Thomson Reuters. It was the biggest jump in orders in five months.

Overall orders including transportation did fall 1.3 percent, but that number often is severely impacted by month-to-month swings in orders for new aircraft.

A separate report from the Commerce Department is expected to show sales of new homes rose last month after touching the lowest level on record dating back to 1963 in July. Economists forecast sales rose 5.1 percent to an annual rate of 290,000.

A rise in August sales would match a similar report released Thursday that showed sales of previously occupied homes rose in August from depressed levels in July. Sales plummeted in the months after a home buyer tax credit expired at the end of April, but analysts are relatively encouraged that sales over the summer might be the bottom of the market.

Ahead of the opening bell, Dow Jones industrial average futures rose 115, or 1.1 percent, to 10,721. Standard & Poor's 500 index futures rose 13.20, or 1.2 percent, to 1,133.60, while Nasdaq 100 index futures rose 24.00, or 1.2 percent, to 2,005.50.

Gold set a new record of \$1,301.30 an ounce in morning trading before pulling back to \$1,299.40 an ounce.

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Bond prices fell after the durable goods orders report. The yield on the 10-year Treasury note, which is often a benchmark for interest rates on loans, rose to 2.59 percent from 2.55 percent late Thursday.

Traders were also closely watching Congress after Senate Democrats announced late Thursday they would delay a vote on whether to extend Bush-era tax cuts until after the midterm elections on Nov. 2. That could be an indication Congressional leaders are backing off their stance that cuts should not be extended to individuals making more than \$200,000 and married couples making more than \$250,000.

Businesses have been held in limbo for months about how the tax debate might play out, which many analysts say has kept companies from hiring new workers. Any hints that the cuts might be extended to everyone could be enough to lift the market and lead to an increase in hiring.

In corporate news, Nike Inc. said its fiscal first-quarter revenue and profit jumped. Just as importantly, the athletic shoe and apparel maker said upcoming orders jumped by their largest level in a decade. That's a good sign because it means retailers are expecting sales to pick up in the coming months.

Nike shares rose \$4.53, or 5.8 percent, to \$82.20 in pre-opening trading.

Overseas, Britain's FTSE 100 rose 0.6 percent, Germany's DAX index gained 1 percent, and France's CAC-40 rose 1.1 percent. Japan's Nikkei stock average fell 1 percent.

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