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US Stocks Move Higher On Back Of Commodities Prices

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By Jonathan Cheng

U.S. stocks moved higher as a boost in commodities prices pushed investors into shares of materials, energy and industrial companies.

The Dow Jones Industrial Average gained 36 points, or 0.3%, to 12393, while the Standard & Poor's 500-stock index gained five points to 1321 and the Nasdaq Composite added 16 points to 2762.

Leading the way were stocks like Caterpillar, DuPont and Alcoa, up 1.6%, 1.6% and 1.1% respectively. The gains came as gold, copper and silver all rose, with silver jumping 4.5% to bring its weekly gain to 7.6%. Crude-oil futures moved back into triple-digit territory, trading just below \$101 a barrel. Even so, the energy, materials and industrial sectors remain the worst-performing sectors this month, off by about 5% or more apiece.

Stocks spent much of the morning in negative territory after a weak economic reading and dispiriting results from some closely watched companies, but turned positive after credit-ratings agency Fitch Ratings said it doesn't foresee any rating action on German banks as a direct result of their exposure to Greece. Stocks are looking to reverse a three-day slide that has sent shares down 2%.

The Fitch report said that most German banks have limited direct exposure to risks from Portugal and Ireland, though the agency did also warn about high potential contagion risks.

Leading the decliners were the more defensive sectors, with consumer staples, telecoms and utilities stocks in the red. Verizon Communications fell 1.3% while Procter & Gamble fell 1.3%.

"We're going to have some volatility when we're not in earnings season--it's a lot of noise about the euro and Japan and the economic impact of the nuclear crisis," said Roy Williams, chief executive of Prestige Wealth Management. "It's shocking that the market is pulling back now, when in the first quarter we had the Middle East and the Japan nuclear disaster. There's no risk of us going into recession right now."

In corporate news, Polo Ralph Lauren tumbled 8.2%, making it the worst-performing component on the S&P 500, after the high-end retailer's fourth-quarter profit dropped 36% amid higher costs and lower sales in Japan.

Hormel Foods lost 6.3% after the food-processing company missed fiscal second-quarter earnings estimates.

American International Group shed 3.6% after the insurer and the U.S. Treasury priced a 300-million-share offering at a slight discount to Tuesday's closing price, while Applied Materials slipped 0.1% after the chip equipment maker provided a disappointing outlook for the current quarter.

Toll Brothers gained 3.3% after fiscal second-quarter losses narrowed from last year, lifting fellow home builders D.R. Horton and PulteGroup, up 0.7% and 0.8%, respectively.

On the economic front, orders for long-lasting U.S. goods fell 3.6% in April because of car production disruptions after the Japan earthquake and falling demand for airplanes, marking the biggest one-month decline since last October. Commercial aircraft orders plunged, and orders for automobiles and parts dropped sharply.

A reading on home prices showed a decline of 0.3% in March from the month before, largely in line with expectations.

The U.S. dollar fell against the euro and the yen, while Treasuries fell, pushing the yield on the benchmark 10-year note higher to 3.1345%.

In overseas markets, European bourses finished mostly higher, paring earlier losses after the Fitch report, as well as Greece's rejection of speculation that it would hold a snap election. Asian markets finished mostly lower, with China's Shanghai Composite falling for a fifth straight session.