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Symbol

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ticker symbol 1	current listing	change	ticker symbol 2	current listing	change	ticker symbol 3	current listing	change
<a href="#">Dow</a>	13,000.31	19.43	<a href="#">Nasdaq</a>	2,594.24	-2.36	<a href="#">S&amp;P</a>	1,437.66	-3.04

Market Dispatches 10/4/2007 7:10 PM ET

## Stocks end flat ahead of jobs report

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Recent Dispatches

MSN Money Video

The Dow ends with a 6-point gain. BlackBerry maker Research in Motion's big earnings report doesn't move the stock. Crude oil moves back over \$80. Halo 3 sales top \$300 million in the game's first week. The Bank of England and European Central Bank hold their key rates steady.

For a third day in a row after Monday's big rally, the stock market was unable to give investors much to get excited about despite the expectation -- and delivery -- of great earnings from **Research in Motion (RIMM, news, msgs)**, the maker of the BlackBerry mobile device.

The **Dow Jones industrials** finished up about 6 points to 13,974. The **Nasdaq Composite** was up 4 points to nearly 2,734, and the **Standard & Poor's 500 Index** was up 3.3 points to just under 1,543.

Since the Dow jumped nearly 192 points on Monday to a new closing high of 14,088, the blue-chip index has fallen back about 114 points and is now up about 0.5% on the week.

Since Monday, many investors have wondered if the rally was too big and too fast. Plus, there's been great concern about what Friday's report on **nonfarm payrolls**

**Latest Market Update**

November 26, 2007 -- 12:30 ET

[BRIEFING.COM] After heading sideways for the past half-hour, the stock market has had a recent pickup in buying interest that has helped pare a portion of its intraday losses. The Dow is now back in the green. There has not been... [More](#)

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Investor Poll

1. **Will the price of crude oil reach \$100 in 2007?**

- Yes
- Maybe
- No

will say.

**Research in Motion profit soars**

Research in Motion's profits were great, but the stock appeared stalled in after-hours trading.

The maker of the BlackBerry mobile device reported a second-quarter profit that beat expectations, as it broke the 10 million subscriber mark and predicted strength for the rest of the year.

But the company's stock was struggling in after-hours trading.

At 6:30 p.m. ET, the stock was at \$98.65, down 1.9% from a record close of \$100.54. The problem may be that the stock had jumped 4.4% during regular trading, and it's up 136%. The stock split 3-for-1 in August.

Research in Motion said it earned \$287.7 million, or 50 cents a share, in the quarter. Revenue more than doubled to \$1.37 billion from \$658.5 million.

• **Top Stocks:** [A closer look at Research in Motion's report](#)

Earnings per share were up 100% from a year ago. Analysts had expected earnings of 49 cents. That was up from a profit of \$140.2 million, or 25 cents a share, in the same period a year earlier. It also said it added 1.45 million subscribers in the quarter -- better than what it predicted in June.

For the third quarter, Research in Motion said it expected revenue of between \$1.6 billion and \$1.67 billion and earnings per share of between 59 and 63 cents. Both forecasts are way ahead of what Wall Street had been expecting: \$1.52 billion with earnings projected at 55 cents.

The company expects to add about 1.65 million new subscribers.

**The jobs report is a big weight on the market**

One reason the market was unable to move higher was that few investors wanted to commit new cash to the U.S. stock market ahead of Friday's jobs and unemployment report for September.

The report is important for two reasons:

- **The report will confirm if the economy's weak.** Wall Street hopes, in fact, that Friday's release will revise the August numbers much higher. The Labor Department said that August payroll employment had shrunk by 4,000; most economists had expected a gain of 115,000 jobs. The report knocked the Dow down 250 points because it suggested an economy that's softening rapidly.

Top Gainers		Top Losers	
Symbol	%Change	Symbol	Change
FFHL	+77.27%	NG	-44.37%
SWAT	+54.19%	FBTX	-20.32%
GLYT	+50.58%	CPBR	-13.93%

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- **How the Fed reacts.** A weak report could boost stocks because it will give the Federal Reserve room to trim interest rates further. The Fed cut its key federal funds rate on Sept. 18 to 4.75% from 5.25% in reaction to the August jobs report. But if the report is stronger than, say, 120,000 jobs, the odds of more rate cuts fall back.

The Briefing.com consensus estimate is for payrolls to show a gain of 100,000 for September. Economist Peter Morici of the University of Maryland is going with 110,000. Bear Stearns is expecting 175,000.

While everyone waits for the jobs report, the Labor Department said today that the number of initial jobless claims rose by 16,000 to 317,000 last week.

The increase was higher than expected: Economists had been looking for a rise of 12,000 claims.

While stocks were flat, oil and gold prices moved higher, and the Bank of England and the European Central Bank held their key rates steady to stem the rise of their currencies against the dollar.

Crude closed at \$81.44 a barrel in New York, up \$1.50. The Associated Press said traders were concerned about whether energy supplies would be adequate for the winter heating season.

At the same time, some market leaders this week -- especially home builders -- were getting drubbed today as investors who had pushed the stocks up substantially in the last week decided to take their profits and run. Lennar was down nearly 6% to \$24.35. Pulte Homes tumbled 3.6% to \$15.38.

In addition, there were reports of increasing skepticism that the Federal Reserve will cut rates at its Oct. 30-31 or Dec. 11 meetings.

If there was good news in the flat market, it was that gainers were ahead of decliners about 1.7-to-1 on the New York Stock Exchange and 1.3-to-1 on Nasdaq. Volume was light: 1.1 billion shares on the NYSE and 1.7 billion shares on Nasdaq.

Eighteen of the 30 Dow stocks were higher, along with 288 stocks in the S&P 500.

**Merck** ([MRK](#), [news](#), [msgs](#)) was the Dow leader, up 1.4% to \$52.86, part of a broader rally in drug stocks. **Pfizer** ([PFE](#), [news](#), [msgs](#)) was second among the Dow stocks, up 0.9% to \$25.30. The **Amex Pharmaceutical Index** ([\\$DRG.X](#)) was up 0.6% to 354.

Another drug company, **Forest Laboratories** ([FRX](#), [news](#), [msgs](#)), was the third-best S&P 500 performer, up 3.5% to \$39.75, thanks to an analyst upgrade.

#### Energy prices -- New York close

	Thur.	Wed.	Chg.	Month chg.	YTD chg.

Crude oil (NYMEX) (per barrel)	\$81.44	\$79.94	\$1.50	-0.27%	33.40%
Heating oil (per gallon)	\$2.2313	\$2.1787	\$0.0526	-0.29%	39.64%
Natural gas (per million BTU)	\$7.4120	\$7.2770	\$0.1350	7.89%	17.67%
Unleaded gasoline (per gallon)	\$2.0522	\$1.9959	\$0.0563	-0.78%	28.09%

### Halo 3 is a huge seller

Late today, **Microsoft** ([MSFT](#), [news](#), [msgs](#)) said that its popular action game Halo 3 has racked up sales of more than \$300 million globally in its first week on the market.

Halo 3 was launched on Sept. 25. Microsoft previously said the game racked up about \$170 million in sales in its first 24 hours. (Microsoft is the publisher of MSN Money.)

More than 2.7 million gamers have played Halo 3 over its Xbox Live online gaming platform -- nearly a third of the service's total membership, the company said.

"Probably no game ever has sold more than three million units in its first week," Wedbush Morgan research analyst Michael Pachter told The Journal. He estimates that Microsoft has sold roughly 4.5 million units so far.

Microsoft said that initial reports from retailers suggested that Xbox console sales have more than doubled compared with the weekly average before the Halo 3 launch. It did not say how many consoles were sold.

Microsoft shares were up nearly 1% to \$29.71 today.

### Merrill Lynch makes a move

There were more moves on Wall Street to cope with the aftermath of the credit crunch and the subprime-mortgage crisis.

Late Wednesday, **Merrill Lynch** ([MER](#), [news](#), [msgs](#)) became the latest financial-services company to take steps to change things up as a result of the troubles in the mortgage market.

The brokerage giant replaced Osman Semerci with David Sobotka as head of its fixed-income, currencies and commodities group. Semerci had run the group since July of last year.

Merrill is expected to present an ugly picture when it reports earnings on Oct. 17, and CNBC's Charles Gasparino was reporting today that the company was not denying reports of big layoffs ahead in the fixed-income area. Last week, a Goldman Sachs analyst forecast that Merrill would be hit by big losses from its fixed-income business, driving earnings down from a year ago.

- **Talk back:** [Are you worried about a recession?](#)

"They're holding somebody responsible," Gustavo Dolfino, president of executive search firm Whiterock, told Bloomberg News.

"It was musical chairs, and everybody looked the other way, and the music stopped."

Another victim of the mess was Dale Lattanzio, co-head of Merrill's fixed-income and structured products division in the Americas.

Merrill shares were down 1.6% to \$74.78.

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### Things at Bear are looking up

Over at **Bear Stearns** ([BSC](#), [news](#), [msgs](#)), another big investment bank that has been battered by the recent market chaos, the top brass say things are looking better.

Chief Executive Officer Jimmy Cayne told a group of investors today that the liquidity crunch has eased and that the bank will get through this rough time.

President Alan Schwartz also sounded positive but cautious on the future.

"As we stand here today, conditions have eased somewhat," Schwartz said. "But we are in the very early stages of seeing how this plays out."

- **Video:** [Don't be swayed by fear and greed](#)

But investors seem skeptical. Bear Stearns shares were down 0.5% to \$127.61 this afternoon. Shares are down about 22% in 2007.

### Bank of England, ECB hold steady

The Bank of England did not follow the Federal Reserve's footsteps and lower its benchmark interest rate.

The bank instead kept rates on hold at a six-year high of 5.75% in an expected move.

At the same time, the European Central Bank kept its key rate at 4%.

"The economy is under the pressure of the credit crunch," former Bank of England policymaker Charles Goodhart told Bloomberg News. "It's very difficult to see what exactly is happening in the economy. The (Monetary Policy Committee) rather likes to have a full inflation report and assess the situation in greater depth. I would expect a cut at the November meeting."

The Bank of England increased its key rate from 5.5% in July. The Fed dropped the benchmark federal funds rate by 50 basis points in September to 4.75% to help ease the tightened credit and mortgage markets.

Short hits from the markets -- 4 p.m. ET

	Thur.	Wed.	Chg.	Month chg.	YTD chg.
<b>Treasurys</b>					
13-week Treasury bill	3.835%	3.840%	-0.005	3.65%	-21.49%
5-year Treasury note yield	4.208%	4.224%	-0.016	-0.50%	-10.49%
10-year Treasury note yield	4.523%	4.543%	-0.020	-1.22%	-3.97%
30-year Treasury bond yield	4.767%	4.787%	-0.020	-1.37%	-1.06%
<b>Currencies</b>					
U.S. Dollar Index	78.38	78.46	-0.08	0.97%	-5.96%
British pound in dollars	\$2.0396	\$2.0329	0.0066	-0.39%	4.08%
Dollar in British pounds	£0.4903	£0.4919	-0.0016	0.39%	-3.92%
Euro in dollars	1.4146	1.4100	0.0046	-0.85%	7.17%
Dollar in euros	€ 0.7069	€ 0.7092	-0.0023	0.86%	-6.69%
Dollar in yen	¥116.46	¥116.66	-0.20	1.49%	-2.15%
<b>Commodities</b>					
Gold	\$743.80	\$735.70	\$8.10	-0.83%	16.58%
Copper	\$3.7380	\$3.7635	-\$0.026	2.69%	30.20%
Silver	\$13.5000	\$13.4700	\$0.03	-3.02%	4.14%
Crude oil (NYMEX) (per barrel)	\$81.44	\$79.94	\$1.50	-0.27%	33.40%

### Citigroup talking with KKR

Just a few days after banking giant **Citigroup** ([C](#), [news](#), [msgs](#)) said profit would be 60% lower in the third quarter, the bank is reportedly talking with private-equity firm Kohlberg Kravis Roberts about a deal for some of its leveraged loans.

- **Video: A Buffett disciple shares his secret**

The Financial Times is reporting that Citigroup has been in talks with KKR and other private-equity firms about selling some of the leveraged loans, but people close to the talks said no clear developments have occurred, the paper reported.

Citigroup shares were down slightly to \$47.63.

Citigroup, like most of its peers in the financial services sector, has been slammed by the credit crunch and mortgage-market meltdown.

### NutriSystem's pallid outlook

Shares of **NutriSystem** ([NTRI](#), [news](#), [msgs](#)) took a blow this morning after the nutrition and fitness company warned late Wednesday that its fiscal-third-quarter earnings would be between 62 and 66 cents per share, below a previous forecast of between 77 and 82 cents per share.

• **Video:** [Fat-burning ka-ching](#)

Shares of NutriSystem plummeted nearly 34% to \$31.59.

"After a very strong first half of the year, our results for the third quarter didn't meet our expectations," Chief Executive Officer Michael Hagan said in a press release. "We continue to be satisfied with our success in reactivating former customers, but our performance with new customers we believe was affected by shorter-term competitive pressures . . . and customer-acquisition costs (were) higher than anticipated."

Analysts had been expecting earnings of 82 cents per share.

**Sprint CEO's tenure may be ending**

The performance of **Sprint Nextel** ([S](#), [news](#), [msgs](#)) CEO Gary Forsee has not been up to par, according to activist investor Ralph Whitworth.

Whitworth told The Wall Street Journal that he has "lost confidence" in Forsee after the company invested in an untested wireless broadband technology called WiMax.

Apparently, Sprint's board agrees. Late today, The Wall Street Journal said the board has started to search for a new CEO.

**More from MSN Money**



- Do Not** Forsee has not been paying enough attention to the company's core cell-phone business, Whitworth told The Journal.

Call list

about to

expire
- Another** This isn't the first time Whitworth has been unhappy with the people running companies in which he is invested, the paper added. Whitworth helped oust Robert Nardelli from **Home Depot** ([HD](#), [news](#), [msgs](#)) earlier this year as well as **Sovereign Bancorp** ([SOV](#), [news](#), [msgs](#)) CEO Jay Sidhu last year, The Journal reported.

set of

victims

for
- housing** Shares of Sprint Nextel rose 2.8% to \$19.28.

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