



Stocks End Flat, Dow Falls 2.5% for October

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Stocks closed out the month of October on a flat note in thin trading Wednesday, following the market's first two-day weather-related market shutdown since 1888.

Meanwhile, all three major averages declined sharply for the month, with the Dow down nearly 2.5 percent.

The Dow Jones Industrial Average dipped 10.75 points, or 0.08 percent, to close at 13,096.46.

Home Depot and Bank of America led the blue-chip gainers, while Pfizer was the biggest laggard.

The S&P 500 eked out a gain of 0.22 points, or 0.02 percent, to end at 1,412.16. The Nasdaq fell 10.72 points, or 0.36 percent, to finish at 2,977.23.

The CBOE Volatility Index, widely considered the best gauge of fear in the market, closed above 18.

Among the key S&P sectors, health care declined, while utilities finished higher.

Meanwhile, Knight Capital the nation's largest market maker, said its generators failed in midday trading and clients were told to route elsewhere. Trading eventually resumed several hours later.

"Hurricane Sandy has been very damaging, but we believe the effects are mostly short term and do not change our investment outlook for the end of the year and into 2013," according to a research note from Wells Fargo Advisors. "Financial market effects could include some additional volatility, as activity returns to the markets and as damage estimates register."

Estimates of the cost of Sandy to the U.S. economy vary between \$10 billion and \$50 billion. Nearly 50 deaths have been reported so far, according to the Associated Press, and millions of homes are still left without power.

"While in the immediate term there is devastation in the wake of this storm, the rebuilding process afterward will create substantial demand for building materials and services," said Robert Gray, managing partner of TerraCap Management. "This is at least a near-term virtuous cycle where jobs are created, sales are enhanced, and workers increase savings

which are in part used for housing. Retail, warehouse, retail, and office, and hotels all benefit as well."

Home-improvement companies such as Home Depot and Lowe's rallied. Generator maker Generac soared nearly 20 percent.

Netflix surged after widely-followed investor Carl Icahn disclosed a 9.98 percent stake in the movie-streaming website in a 13-D filing.

Apple weighed on the Nasdaq as the tech giant's shares fell nearly 2 percent. Shares briefly dropped below their 200-day moving average for the first time in nearly a year. Shares are down more than 15 percent from all-time highs hit in mid-September.

Facebook dropped after the social-networking giant's lock-up period expired, allowing employees to start selling restricted stock in the company. Employees were able to sell their vested shares on Monday, but were unable to do so due to the market shutdown. About 234 million shares held by employees are eligible for sale in the public market.

Walt Disney agreed to buy filmmaker George Lucas's Lucasfilm in a deal worth \$4.05 billion on Tuesday, a blockbuster deal that includes the surprise promise of a new film in the series in 2015.

Among earnings, General Motors rallied after the automaker posted better-than-expected earnings and said it was targeting a return to breakeven levels in its money-losing European operations by mid-decade.

Visa, Allstate and MetLife are among companies scheduled to post earnings after the closing bell.

Meanwhile, a batch of companies scheduled to report throughout the week have delayed their earnings reports due to the hurricane.

On the economic front, payroll-processing company ADP released September numbers for its private sector report based on their new methodology. Under the new methodology, private employers added 88,200 new jobs in September compared to the 162,000 figure reported under the previous model.

ADP is expected to revise the September number again Thursday, as scheduled, with the first live release of the October employment under the new methodology.

The Chicago PMI of manufacturing activity rose slightly in October. And the employment cost index edged up in the third quarter, according to the Labor Department.

Investors will be looking ahead to the nonfarm payrolls data, which will be reported on Friday, as scheduled. The monthly government jobs report, which is expected to show 125,000 jobs added in October, will be the last before the Nov. 6 presidential election.