

## Goldman charge derails Wall St win streak

By Masa Serdarevic in New York  
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The recent optimism on Wall Street was punctured on Friday, with US stock prices falling sharply after the Securities and Exchange Commission charged Goldman Sachs with fraud.

The move interrupted the markets' six-day winning streak and overshadowed some of the week's strong corporate earnings results.

Shares in Goldman Sachs dived 13.7 per cent to \$158.98. The fraud charges concern the packaging and selling of collateralized debt obligations. The bank is charged with not disclosing the role Paulson & Co, a hedge fund, played in a transaction.

At midday, the S&P 500 was down 1.8 per cent at 1,189.46, leaving it 0.4 per cent lower over the week. The Dow Jones Industrial Average lost 1.3 per cent to 11,003.93, leaving it flat on the week. The Nasdaq Composite was 1.6 per cent lower at 2,476.69, but up 0.9 per cent over the week.

Bank of America fell 4.8 per cent to \$18.55 even as it was reporting better-than-expected first-quarter earnings.

**“After the JPMorgan results this week, it’s hard to be a shining star,” said Steve Hagenbuckle, managing partner at New York-based TerraCap Partners.**

The results were boosted by a strong performance by its investment banking division that is largely made up of the Merrill Lynch business it bought at the height of the financial crisis.

**“If it wasn’t for Merrill, the figures would look very different,” said Mr. Hagenbuckle.**

Net income was 28 cents per share, compared with consensus analyst estimates of 9 cents per share.

JP Morgan was 0.1 per cent higher over the week to \$46.04 after reporting earnings per share of 74 cents, more than double the same period last year, and beating expectations of 64 cents per share.

Citigroup fell 5.9 per cent to \$4.53 and declined 0.5 per cent for the week. The stock broke the key \$5 mark on Thursday for the first time since October.

Moody's, a ratings agency which rates corporates and structured derivative transactions, declined 6.9 per cent yesterday to \$27.62 as news of the legal action against Goldman emerged.

Google lost 6.4 per cent to \$557.35 after reported quarterly earnings after Thursday's close on that fell short of some "whisper" numbers among traders, but beat consensus analyst estimates.

It posted net income of \$1.96bn, or \$6.06 per share, up from \$1.42bn, or \$4.49 per share, the year before.

General Electric was 3.6 per cent lower at \$18.79 as the infrastructure, finance and media conglomerate reported disappointing first-quarter revenues.

"Investors [have been] intently focused on revenue growth to confirm the sustainability of the economic and earnings recovery," said Jonathan Golub, US equity strategist at UBS.

However, earnings at GE were significantly higher than expected at 21 cents per share, topping consensus analyst estimates of 16 cents per share.

The airline sector was lower across the board on worries about air traffic disruption in Europe resulting from the eruption of a volcano in Iceland.

Continental Airlines fell 4.7 per cent to \$22.65, Delta Air Lines lost 3.6 per cent to \$13.87 and UAL Corp, parent of United Airlines, declined 4 per cent to \$22.60.

The restarted merger talks did not seem to impress traders.

As the earnings season kicked into full swing this week, a number of blue-chip corporates reported strong first-quarter results.

Package delivery group UPS added 5.8 per cent to \$68.16 over the week as it reported earnings of 71 cents per share on Thursday, up from 52 cents last year and above consensus analyst expectations of 57 cents.

Yum Brands rallied 3.5 per cent to \$42.13 over the week after the restaurant chain operator, which owns KFC, Taco Bell and Pizza Hut, said on Wednesday that profit in the quarter rose 11 per cent.