

**BUSINESS & FINANCIAL OVERVIEW**

## Stocks Pull Back Off Best Levels But Close Firmly Positive - U.S.

### Commentary

After moving sharply higher early in the session, stocks gave back ground over the course of the trading day on Tuesday. The major averages pulled back well off their highs of the session but managed to hold on to gains.

Going into the close, the major averages moved to the upside once again to close firmly positive. The Dow rose 140.90 points or 0.6 percent to 25,657.73, the Nasdaq advanced 53.98 points or 0.7 percent to 7,691.52 and the S&P 500 climbed 20.10 points or 0.7 percent to 2,818.46.

The initial rally on Wall Street was partly attributed to a rebound by bond yields, with the yield on the benchmark ten-year note initially moving higher after falling sharply over the past few sessions. A recent inversion of the yield curve, with the yield on the ten-year note falling below the yield on three-month bills, raised concerns about an impending recession.

The U.S. economy has held up relatively well amid a global economic slowdown, although the Federal Reserve's recent indication that it no longer plans to raise interest rates this year has led to worries about the outlook going forward. Buying interest waned over the course of the session, however, as bond yields pulled back off their best levels following the release of some disappointing U.S. economic data.

Before the start of trading, the Commerce Department released a report showing a sharp pullback in new residential construction in the month of February. The report said housing starts plunged by 8.7 percent to an annual rate of 1.162 million in February after surging up by 11.7 percent to a revised rate of 1.273 million in January.

Economists had expected housing starts to dip to a rate of 1.213 million from the 1.230 million originally reported for the previous month. The Commerce Department said building permits also fell by 1.6 percent to an annual rate of 1.296 million in February after dipping by 0.7 percent to a revised rate of 1.1317 million in January.

Building permits, an indicator of future housing demand, had been expected to drop to 1.300 million from the 1.345 million originally reported for the previous month. A separate report from the Conference Board showed an unexpected decrease in consumer confidence in the month of March.

The Conference Board said its consumer confidence index dropped to 124.1 in March after jumping to 131.4 in February. Economists had expected the index to rise to 133.0.

"Confidence has been somewhat volatile over the past few months, as consumers have had to weather volatility in the financial markets, a partial government shutdown and a very weak February jobs report," said Lynn Franco, Senior Director of Economic Indicators at the Conference Board

