

BUSINESS & FINANCIAL OVERVIEW

Stocks May Show A Lack Of Direction In Early Trading - U.S. Commentary

After ending the previous session mostly higher, stocks may show a lack of direction in early trading on Wednesday. The major index futures are currently pointing to a roughly flat open for the markets, with the Dow futures up by just 15 points. Traders may be reluctant to make significant moves amid uncertainty about the economic outlook amid recent signs of slowing growth.

The markets have seen considerable volatility since the Federal Reserve's monetary policy announcement last Wednesday, when the Fed indicated it no longer plans to raise interest rates this year. The dovish message from the Fed has been described by some analysts as an effort to support the stock markets, although the move has also raised concerns about the economy.

On the U.S. economic front, the Commerce Department recently released a report showing the U.S. trade deficit narrowed by much more than expected in January amid a steep drop in the value of imports. The Commerce Department said the trade deficit narrowed to \$51.1 billion in January from a revised \$59.9 billion in December. Economists had expected the deficit to shrink to \$57.0 billion.

In the previous month, the trade deficit increased to its highest level since reaching \$60.2 billion in October of 2008. The narrower than expected deficit came as the value of imports tumbled by 2.6 percent to \$258.5 billion, while the value of exports rose by 0.9 percent to \$207.3 billion.

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.

In overseas trading, stock markets across the Asia-Pacific region turned in another mixed performance on Wednesday. Japan's Nikkei 225 Index dipped by 0.2 percent, while Hong Kong's Hang Seng Index climbed by 0.6 percent.

The major European markets have also turned mixed on the day. While the U.K.'s FTSE 100 Index has edged down by 0.1 percent, the German DAX Index and the French CAC 40 Index are both up by 0.3 percent.

In commodities trading, crude oil futures are dipping \$0.12 to \$59.82 a barrel after jumping \$1.12 to \$59.94 a barrel on Tuesday. Meanwhile, after sliding \$7.60 to \$1,315 an ounce in the previous session, gold futures are slipping \$0.80 to \$1,314.20 an ounce.

On the currency front, the U.S. dollar is trading at 110.47 yen compared to the 110.64 yen it fetched at the close of New York trading on Tuesday. Against the euro, the dollar is valued at \$1.1270 compared to yesterday's \$1.1266.

