

BUSINESS & FINANCIAL OVERVIEW

Stocks May Give Back Ground Following Recent Strength - U.S.

Commentary

Following the strong upward move seen last week, stocks are likely to give back ground in early trading on Monday. The major index futures are currently pointing to a lower open for the markets, with the Dow futures down by 80 points. Profit taking may contribute to initial weakness on the heels of recent strength on Wall Street, which has lifted the major averages to their best levels in six months.

Lingering concerns about a slowdown in the pace of global economic growth may inspire traders to cash in on the recent gains. Traders are also likely to be cautious ahead of the start of earnings season, with financial giants JPMorgan Chase (JPM) and Wells Fargo (WFC) due to report their quarterly results before the start of trading on Friday.

Some analysts described the Federal Reserve's decision to downwardly revise its forecast for interest rates as an effort to keep the stock markets afloat amid an expected contraction in first quarter earnings.

Just after the start of trading, the Commerce Department is scheduled to release its report on new orders for manufactured goods in the month of February. Factory orders are expected to drop by 0.6 percent.

Stocks had difficulty following through on an initial move to the upside but remained mostly positive throughout the trading session on Friday. With the gains on the day, the major averages ended the session at their best closing levels in about six months.

The Dow edged up 40.36 points or 0.2 percent to 26,424.99, while the Nasdaq and the S&P 500 closed more firmly in positive territory. The Nasdaq advanced 46.91 points or 0.6 percent to 7,938.69 and the S&P 500 climbed 13.35 points or 0.5 percent to 2,892.74. For the week, the tech-heavy Nasdaq soared by 2.7 percent, the S&P 500 surged up by 2.1 percent and the Dow jumped by 1.9 percent.

In overseas trading, stock markets across the Asia-Pacific region turned in a mixed performance during trading on Monday. Japan's Nikkei 225 Index dipped by 0.2 percent, while Hong Kong's Hang Seng Index climbed by 0.5 percent. The major European markets have also turned mixed on the day. While the German DAX Index is down by 0.2 percent, the U.K.'s FTSE 100 Index and the French CAC 40 Index are both up by 0.1 percent.

In commodities trading, crude oil futures are rising \$0.28 to \$63.36 a barrel after jumping \$0.98 to a five-month closing high of \$63.08 a barrel last Friday. Meanwhile, an ounce of gold is trading at \$1,204, up \$8.40 from the previous session's close of \$1,295.60. On Friday, gold rose \$1.30.

On the currency front, the U.S. dollar is trading at 111.42 yen compared to the 111.73 yen it fetched at the close of New York trading on Friday. Against the euro, the dollar is valued at \$1.1256 compared to last Friday's \$1.1216.

