

TODAY'S MARKETS

Stocks Continue Advance

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Stocks moved a touch higher Thursday, as Federal Reserve Chairman Ben Bernanke continued his testimony in front of Congress and Caterpillar announced a share-buyback plan.

The Dow Jones Industrial Average rose 19.06 to 12760.92, and the S&P 500 lifted 0.27 to 1455.57. The Nasdaq Composite Index climbed 3.47 to 2491.85. Caterpillar was up 2.2% to \$67.60 after saying its board had approved a new \$7.5 billion share-buyback plan over the next five years.

Mr. Bernanke talked to Congress for a second day, this time in front of the House Financial Services Committee, though he was largely reiterating points made during Wednesday's testimony.

"The market is continuing to digest" Mr. Bernanke's testimony, said Rafael Resendes, co-founder of the Applied Finance Group. "We're just seeing a continuation of this market rally."

Big decliners in the Dow were Walt Disney, which fell 1.2%, and General Electric, down 0.9%. United Technologies gained 1.4%, as did Boeing, and Wal-Mart Stores rallied 1.1%.

Shares of Anheuser-Busch rose 3% to \$51.73 following a report saying the St. Louis brewer is in preliminary merger talks with InBev. Molson Coors Brewing was up 4.4% to \$86.14 after reporting profit surged more than fourfold in the fourth quarter.

"As long as the [mergers and acquisitions] continue, that will be supportive" of the bull market, said Peter Cardillo, chief market economist at Avalon Partners.

Guess jumped 12% to \$83.34 after the jeans maker nearly doubled its fourth-quarter profit, approved a 2-for-1 stock split and initiated a quarterly dividend of 12 cents.

Oil-services company Baker Hughes reported a slower-than-forecast rise in fourth-quarter net income. Its stock fell 9.1% to \$65.40.

Hershey plans to cut 1,500 jobs¹³ over the next three years as part of a supply-chain overhaul. The candy maker projects the program will incur pretax charges of \$525 million to \$575 million over the next three years, primarily in 2007 and 2008. The company expects to take about \$300 million in charges in the current year. Shares rose 2.2%.

Diageo said fiscal first-half net profit fell 23% from a year earlier, when the global drinks giant reaped proceeds from selling a business, but strong North American sales boosted underlying profit.

Crude-oil prices fell 78 cents to \$57.22 a barrel, a day after dropping 1.8% following a report that U.S. inventories for distillate fuel declined less than expected.

The Labor Department said January import prices fell by 1.2%, weighed down by a big drop in oil prices. The decline, however, was short of Wall Street expectations. DOL also said new claims for unemployment insurance jumped by 44,000 to a seasonally adjusted 357,000 in the week ended Feb. 10.

Manufacturing activity in the New York Federal Reserve district rebounded in February, with the overall index rising to a reading of 24.35 from an unrevised 9.13 in January. However, the Philadelphia Fed's business-activity index slumped to 0.6 in February from 8.3 in January. Separately, the Federal Reserve said nationwide industrial production declined 0.5% in January.

In major market action:

Stocks rose.¹⁶ On the New York Stock Exchange, 1,860 stocks advanced and 1,342 declined on volume of 717.4 million shares.

Bonds gained.¹⁷ The 10-year Treasury note rose 12/32, or \$3.75 for every \$1,000 invested, yielding 4.694% Thursday. The 30-year bond was up 22/32, yielding 4.794%.

The dollar weakened.¹⁸ The euro was at \$1.3137 from \$1.3129 at Wednesday's close. The dollar was at 119.54 yen from 120.74 yen late Wednesday.

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