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DOW	-2.12	NASDAQ	-0.49	S&P 500	-1.38
10,196	-0.02%	2,196	-0.02%	1,077	-0.13%

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US Stocks Flit Between Small Gains, Losses Ahead Of 2Q Reports

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By Donna Kardos

NEW YORK (MarketWatch) -- U.S. stocks fluctuated between small gains and losses Monday as investors were encouraged by a bigger-than-expected drop in Greece's budget deficit and analysts' upgrades for technology companies, but slowing Chinese import data and jitters for upcoming earnings reports weighed.

The Dow Jones Industrial Average was up 1 point to 10199 in recent trading. The narrow trading follows a blockbuster rally last week, which amounted to the biggest weekly gain in nearly a year, while that jump came after stocks sank to their lowest point this year in the prior week.

Now, investors are struggling to assess which way the market might go next, with the second-quarter reports beginning Monday afternoon with Alcoa expected to provide a clue. Market watchers are hoping the reports will help return investors' focus back to U.S. company fundamentals, but global concerns are likely to keep weighing as Europe continues to deal with its debt crisis while China is working to slow its growth.

"We're at kind of a shake-out point," said Michael Farr, president of portfolio-management firm Farr, Miller & Washington. "It's a market that can't seem to find a comfortable place to live."

He added, "we're in a wait-and-see period before earnings actually start to hit with Alcoa. Pretty strong expectations are pretty baked in, and the market is at one of those periods where it's looking for the next catalyst. It's almost already looking past the earnings to see what's next."

Alcoa rose more than 9% last week ahead of its report this afternoon, but slipped 1.2% in recent Monday trading as investors got nervous that it may have gained too much last week.

Also weighing on the Dow, United Technologies dropped 1.6%, Caterpillar slipped 1.1% and Boeing declined 0.7%. The declines among the industrial components came as data showed Chinese imports slowed to a yearly growth rate of 34.1% in June from 48.3% in May, although China's June exports grew 43.9% from the year-earlier month, beating estimates.

Offsetting the declines, Microsoft jumped 1.7%. Janney Capital Markets raised its investment rating on the stock to buy from neutral, saying "it remains a significant cash flow generator trading at compelling levels."

The Nasdaq Composite edged down 0.1% to 2195. The Standard & Poor's 500-share index slipped 0.1% to 1077, with its materials and industrials sectors leading to the downside while the technology sector climbed.

Technology stocks were boosted not only by the upgrade for Microsoft, but also by upgrades for SanDisk, Yahoo and Qualcomm. Yahoo was raised to buy from hold by Needham, while SanDisk was upgraded to buy from neutral by UBS, and Qualcomm was boosted to conviction buy from buy by Goldman Sachs. Yahoo edged up 0.3%, while SanDisk jumped 6.5% and Qualcomm rose 3.6%.

Also providing some encouragement, Greece's budget deficit for the first half of 2010 fell 46% compared with a year earlier due to a combination of steep spending cuts and increased revenues, the Finance Ministry said Monday. The Greek government has committed to cutting the general government budget deficit by 40% this year, bringing it to 8.1% of gross domestic product.

Still, the euro slumped, trading at \$1.2591 recently, down from \$1.2640 late Friday in New York. The U.S. Dollar Index, which tracks the U.S. currency against a basket of six others, climbed 0.3%. Demand for Treasuries was mixed, with the two-year note flat and the 10-



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year note up, pushing its yield down to 3.05%. Crude-oil prices fell, while gold futures also declined.

Among stocks in focus, American depository shares of BP jumped 7.6% amid speculation that the whole firm or some of its assets may be sold off. The Wall Street Journal reported that BP was in talks to sell assets to Houston-based Apache in a deal that could be worth as much as \$10 billion.

Aon slid 7.1% after the insurance broker agreed to buy human-resource consulting and outsourcing company Hewitt Associates for \$4.9 billion in cash and stock. Shares of Hewitt Associates soared 32%.

Playboy Enterprises surged 42% after founder Hugh Hefner and private-equity company Rizvi Traverse Management made an offer to buy the rest of Playboy, valuing the media and branding company at about \$185 million.

Trading volume was light, with just under 2 billion shares having changed hands in recent NYSE Composite volume. The daily average is around 5.3 billion shares.

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