



Crummy Confidence Data Awaken Bears

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There's No Business Like FOX Business

The weakest consumer confidence report in nearly a year spooked Wall Street on Tuesday as the Dow dropped about 100 points amid renewed concerns about how further deterioration in consumer spending would impact the fragile economic recovery.

Today's Markets

The [Dow Jones Industrial Average](#) fell 100.97 points, or 0.97%, to 10282.41, the Standard & Poor's 500 sank 13.41 points, or 1.21%, to 1094.60 and the Nasdaq Composite dropped 28.59 points, or 1.28%, to 2213.44. The FOX 50 slid 8.65 points, or 1.08%, to 792.54.

The unexpected deterioration of consumer confidence in February was driven by the weak labor picture in the U.S. and helped spark the steepest point decline for the Dow in more than two weeks. It also overshadowed upbeat earnings reports from **Home Depot** ([HD](#): 31.33, 0.755, 2.47%) and a number of other retailers, which had the markets flirting with positive territory before the confidence data awakened the bears.

"It's telling you people are very concerned and they're not going to spend. If consumers aren't going to spend, it tells you we're going nowhere," said **Joe Saluzzi**, co-head of trading at **Themis Trading**. "The only thing holding this economy up is the government."

Wall Street had been on a hot streak until very recently, having posted its biggest weekly rally in three months last week and a seven-day win streak on the Nasdaq Composite until Monday.

But most of the Dow's 30 components fell, led by **American Express** ([AXP](#): 38.58, 0.63, 1.66%), **JPMorgan Chase** ([JPM](#): 40.91, 1.04, 2.61%) and **Alcoa** ([AA](#): 13.11, -0.05, -0.38%). Only two blue-chip stocks advanced: **Home Depot** and **Kraft** ([KFT](#): 29.13, 0, 0%).

The Nasdaq Composite suffered more selling than the broader markets as tech stocks like **Palm** ([PALM](#): 8.365, 0.165, 2.01%), **SanDisk** ([SNDK](#): 28.5675, 0.7975, 2.87%) and **Applied Materials** ([AMAT](#): 12.3, 0.29, 2.41%) fell sharply.

Tuesday's session took a nasty turn when the Conference Board said its consumer confidence index slid to a 46 reading this month, sharply down from January's 56.5 and well below expectations for a 55 reading. It was the weakest level for consumer confidence since April 2009 and the steepest monthly drop in a year. The present situation component of the closely-watched index fell to its lowest level since Feb. 1983 amid escalating fears about the labor market.

Calling it a "shocking drop," Dan Greenhaus, chief economist strategist at Miller Tabak, wrote in a note: "Any which way you slice it, consumers remain very cautious and quite nervous about the prospects for job growth going forward, which likely will weigh on consumption patterns."

Given that consumer spending accounts for more than 70% of the U.S. economy, the markets closely watch gauges on consumer confidence. Shares of some consumer discretionary stocks such as **Limited** ([LTD](#): 21.34, 0.34, 1.62%) and **MGM Mirage** ([MGM](#): 10.57, 0.15, 1.44%) took a hit on the data.

Energy stocks were among the biggest percentage losers for the second day in a row as the sector was hurt by a 2% drop in the price of crude oil. Hurt by a stronger U.S. dollar and the weak economic data, crude oil fell \$1.45 a barrel, or 1.81%, to \$78.86. Gold dropped \$9.90 a troy ounce, or 0.89%, to \$1102.70.

The commodity prices and consumer data trumped mostly positive earnings reports from retailers that rely on those same struggling consumers. Dow component Home Depot beat the Street with a non-GAAP profit of 24 cents a share and revenue of \$14.57 billion. In addition to forecasting bullish 2010 EPS, Home Depot upped its dividend for the first time since 2006.

At the same time, Target, **Macy's** ([M](#): 19.19, 0.55, 2.95%), **Sears Holding** ([SHLD](#): 95.44, 1.64, 1.75%) and **Office Depot** ([ODP](#): 6.84, -0.04, -0.58%) also reported quarterly results that exceeded estimates.

Also on the economic front, housing stocks slid as a new S&P/Case-Shiller report showed home prices in a 20-city index slid 3.1% from a year ago, in line with expectations. The sector was also hurt by the confidence data.

Wall Street will now turn its attention to Federal Reserve Chairman Ben Bernanke's scheduled testimony Wednesday in Washington on the state of the economy. While the gist of his testimony is already known, the central banker is likely to field questions about last week's hike in the discount rate and whether or not the markets should brace for higher rates going forward.

Corporate Movers

Target ([TGT](#): 51.07, 0.99, 1.98%) weighed in with a stronger-than-expected adjusted-profit of \$1.24 a share last quarter as its revenue rose 3.2% to \$20.18 billion. The discount retailer's same-store sales rose 0.6%.

Sears Holding ([SHLD](#): 95.44, 1.64, 1.75%) more than doubled its earnings on a GAAP basis and exceeded estimates with an adjusted-profit of \$3.69 a share. Revenue slid 0.2% to \$13.25 billion, compared to forecasts for \$12.9 billion.

Macy's ([M](#): 19.19, 0.55, 2.95%) beat the Street with a non-GAAP profit of \$1.40 and revenue of \$7.85 billion, down 1.1% from a year earlier. While the department store operator's 010 forecast was in line with estimates, it warned it sees "little meaningful" economic improvement in the short term.

Toyota ([TM](#): 74.27, 2.73, 3.82%) executives were grilled by lawmakers on Capitol Hill over the auto maker's handling of accelerator problems that have plagued many of its vehicles and hurt Toyota's credibility. In testimony set to be given on Wednesday, Toyota President Akio Toyoda said he is "deeply sorry" for the accidents caused by safety problems.

News Corp.'s ([NWS](#): 15.8766, 0.2666, 1.71%) [Dow Jones](#) is in talks to buy out the half of *SmartMoney* that it doesn't already own from Hearst, *The Wall Street Journal* reported. The two sides continue to negotiate on a price tag but a deal could be inked within days, the paper reported. News Corp. is the parent of both the *Journal* and FOX Business.

Office Depot ([ODP](#): 6.84, -0.04, -0.58%) narrowed its fourth-quarter non-GAAP loss to 6 cents a share, impressing analysts who had expected a loss of 22 cents. Sales slid 6.3% to \$3.07 billion, compared to estimates for a steeper decline to \$2.97 billion. Same-store sales fell 4%.

Tenet Healthcare ([THC](#): 5.12, 0.1, 1.99%) tumbled 9.7% after the No. 2 U.S. hospital chain posted a weaker-than-expected break-even quarter on a non-GAAP basis. The company's revenue rose 3.5% to \$2.24 billion, missing estimates, and it issued disappointing 2010 earnings guidance.

Palm's ([PALM](#): 8.365, 0.165, 2.01%) stock slid 10% as the phone maker was downgraded to "underperform" from "buy" by Bank of America Merrill Lynch, according to Reuters. The downgrade came amid worries about increased competition and sales at Verizon Wireless.

Medtronic ([MDT](#): 43.5, 0.72, 1.68%) reported a 19% rise in net income and its non-GAAP profit of 71 cents a share topped consensus calls by a penny. Revenue rose 10% to \$3.85 billion, narrowly missing estimates.

Barnes & Noble ([BKS](#): 20.71, 0.56, 2.78%) posted a 0.9% decline in net income to \$1.38 a share, or 4 cents better than expected. However, the bookseller forecasted a worse-than-expected loss in the fourth quarter and below-consensus EPS for the full year.

Global Markets

The U.K.'s **FTSE 100** fell 0.69% to 5315.09, France's **CAC 40** slipped 1.32% to 3707.06 and Germany's **DAX** ended down 1.48% to 5604.07.

In Asia, Tokyo's **Nikkei 225** fell 0.27% to 10352.10, Hong Kong's **Hang Seng** gained 1.21% to 20623.00 and China's **Shanghai Composite** closed down 0.69% to 2982.58.