



S&P 500, Dow erase gains after barrage of earnings

Published: Apr 21, 2015 12:21 p.m. ET

By

[AnoraMahmudova](#)

[SaraSjolin](#)

Mylan soars on Teva buyout news



The S&P 500 and Dow industrials erased opening gains and edged lower on Tuesday, while Nasdaq Composite held onto gains, as investors focused on a barrage of earnings, as well as merger news in biotechnology industry.

The S&P 500 [SPX, -0.06%](#) was down 4 points, or 0.2%, to 2,105.10, with six of its 10 main sectors trading higher.

The Dow Jones Industrial Average [DJIA, -0.42%](#) fell 80, or 0.4%, to 17,955.56 after opening with a modest gain. More than two-thirds of its 30 components were trading with losses.

The Nasdaq Composite [COMP, +0.50%](#) added 22 points, or 0.5%, to 5,017, as big gains in biotechnology stocks lifted the index to near record levels.

David O'Malley, CEO of Penn Mutual Asset Management with \$20 billion in assets under management, said that while consensus-beating earnings and M&A activity are providing support, gains were capped by high valuations and worries over the economic growth.

“The S&P 500 has been stuck in a range between 2,040 and 2,120 since February, as different forces are pushing and pulling this market,” O'Malley said.

“The bullish case for stocks is based on PE expansion but it is hard to imagine given the drop in earnings, the Fed tightening plans and global weakness,” O'Malley said.

High valuations in the face of deteriorating earnings have been a concern for portfolio managers who question how long can the march higher continue.

“Gains in U.S. equities since the start of 2009 have been largely due to multiple expansion and any further expansion will put equities into dangerous territory,” said Jerry Braakman, chief investment officer at First American Trust, a Santa Ana, Calif.-based manager with \$1.1 billion in assets.

Earnings: DuPont & Co. [DD, -2.70%](#) reported a drop in first-quarter earnings, partly due to the [impact from a stronger dollar](#). It also said that the strengthening greenback will dent its earnings for the full year more than it initially forecast in January. Shares slid 2.9%.

Harley-Davidson Inc. [HOG, -9.58%](#) shares slumped 8.3% after it cut shipment outlook for the year.

Verizon Communications Inc. [VZ, -0.43%](#) easily [topped Wall Street forecasts](#) with earnings of \$4.34 billion, or \$1.02 a share. But shares fell 0.5%.

Under Armour Inc. [UA, -4.70%](#) shares slumped 4.7% as sales fell below expectations due to currency volatility and costs related to acquisitions.

After the bell, **Yahoo Inc.** [YHOO, -0.21%](#) is projected to report first-quarter earnings of 18 cents a share.

Teva Pharmaceuticals Industries Ltd. [TEVA, +2.05%](#) said Tuesday it is offering to buy **Mylan N.V.** [MYL, +8.83%](#) for \$82 a share in cash and stock. Mylan shares jumped 9.5%, while Teva shares rose 2%.

[For more on today's notable movers read Movers & Shakers column.](#)

Other markets: Japanese and Chinese stocks closed firmly in positive territory, and Europe [SXXP, +0.55%](#) followed suit with solid gains.

Greece's Athex Composite Index [GD, -3.33%](#) however, bucked the positive trend and slumped 3.3% amid fears the country is running out of cash. The European Central Bank is now looking at measures to [rein in support for Greek banks](#) under its emergency liquidity assistance, according to a Bloomberg report on Tuesday.

[See: Investors may be ignoring potential “collateral damage” from Greece.](#)

Oil [CLK5, -1.44%](#) [slipped 0.8%](#) with investors closely tracking oil-production levels in the U.S. and the Organization of the Petroleum Exporting Countries. Gold futures [GCK5, +0.73%](#) inched higher, while the ICE dollar index [DXY, +0.07%](#) was little changed.