

# THE WALL STREET JOURNAL.

## U.S. Stocks Fall on Mixed Earnings

### Investor focus is on earnings reports and guidance for the rest of the year

By Corrie Driebusch And  
Saumya Vaishampayan  
Updated April 21, 2015 12:54 p.m. ET

U.S. stocks declined Tuesday after a mixed bag of earnings reports.

The Dow Jones Industrial Average fell 72 points, or 0.4%, to 17963 and the S&P 500 index slipped 1.3 points, or 0.1%, to 2099. The Nasdaq Composite added 22 points, or 0.5%, to 5017.

Investors continue to focus on earnings, particularly on guidance for the rest of the year. However, there appeared to be little portfolio adjustment on Tuesday, with stock-trading volumes remaining below normal, traders said. Some money managers said while they are concerned about corporate earnings for the year, they still view U.S. equities as the best place to invest.

“We still have some concerns, especially on revenue growth and earnings growth, but in this low-rate environment there’s really not an alternative to stocks,” said Jerry Braakman, chief investment officer of Santa Ana, Calif.-based First American Trust, which manages roughly \$1.1 billion.

This week earnings are at the forefront for investors, as it is one of the busiest weeks for companies reporting first-quarter results.

On Tuesday, [United Technologies](#) Corp. said its sales fell about 1% in the first quarter because of the strengthening dollar and a decline in its Sikorsky aircraft segment. Earnings beat Wall Street expectations, though revenue fell short. Shares rose 0.6%.



A look at the global and domestic markets. Plus, three stocks to watch. Photo: Getty

[DuPont](#) Co. said [the strengthening U.S. dollar will hurt its earnings for the year more than it estimated in January](#), though it still expects earnings to come in at the low end of its guidance of \$4 to \$4.20 a share as it intensifies cost cuts. The company reported sales declines across all of its segments. Shares declined 2.9%, making it one of the worst performers in the Dow.

[International Business Machines](#) Corp. on Monday [reported a](#)

[12% decrease in revenue](#), hurt by the stronger U.S. dollar and weakness in its hardware business. Shares slipped 1%.

On Monday, U.S. stocks snapped two straight sessions of declines. The Dow rose 1.2% to 18034.93 and the S&P added 0.9% to 2100.40. The Nasdaq Composite gained 1.3% to 4994.60.

#### Advertisement

Including results from 77 companies, first-quarter earnings for S&P 500 companies are on track to fall 4.2% from a year ago, according to FactSet. Analysts had slashed earnings estimates leading up to the reporting season, citing concerns about the strong dollar's drag on earnings at multinational companies and the hit to energy earnings from low oil prices. About 79% of the S&P 500 companies that have reported so far have beat those lowered earnings estimates.

"We don't anticipate any big surprises out of earnings," said Janet Engels, director of the portfolio advisory group at RBC Wealth Management.

"We do expect earnings will beat the current expectations, but that's been the history," she said. "I'm not sure that it is in the very near term enough to drive the market wildly higher," she added.

This week is considered one of the busiest in the earnings season.

"As we get through this week we will have a better sense of where we are in terms of beating or missing expectations, and what guidance will be like," said Brett Mock, managing director at brokerage JonesTrading Institutional Services LLC.

He added that before having a better consensus view on how earnings season is progressing, investors seem to be holding their current stock positions.

In Europe, France's CAC 40 added 0.1% and Germany's DAX gained 0.4%. Continued concerns about a Greek debt default pushed Greek yields to fresh multiyear highs and weighed on Greek stocks. Bond yields rise as prices fall.

The euro rose to \$1.0763 from \$1.0739 on Monday.

In other corporate news, shares of Mylan NV surged 9.9% after rival Teva Pharmaceutical Industries Ltd. proposed to acquire the company for about \$40 billion in cash and stock, a tie-up that would create the world's biggest generic drug company by sales.

In commodity markets, gold futures rose 0.6% to \$1201.10 an ounce. Crude-oil futures slipped 0.8% to \$57.39 a barrel.

Treasury prices fell, pushing the 10-year yield up to 1.899% from 1.897% on Monday.

**Write to** Corrie Driebusch at [corrie.driebusch@wsj.com](mailto:corrie.driebusch@wsj.com) and Saumya Vaishampayan at [saumya.vaishampayan@wsj.com](mailto:saumya.vaishampayan@wsj.com)