

## Stock Futures Waffle Before Earnings, Economic Data

By Andrea Tse, Staff Reporter - 10/10/2012

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NEW YORK ([The Street](#)) -- U.S. stock futures were wavering Wednesday as investors awaited third-quarter corporate announcements and some domestic economic releases. "The market, in our opinion, is prepared to a large extent for the overall bad earnings comparisons that are about to be reported," said Scott Wren, senior equity strategist at Wells Fargo Advisors. Futures for the [Dow Jones Industrial Average](#) were down 25 points, or 16.53 points below fair value, at 13,387. Futures for the [S&P 500](#) were down 0.70 points, or 0.72 points below fair value, at 1435. Futures for the [Nasdaq](#) were falling 0.25 points, or 1.67 points below fair value, at 2733.

**Costco Wholesale**, the warehouse retailer, said Wednesday that fiscal-fourth-quarter net income [rose](#) 27%. Meanwhile, **Chevron** said third-quarter earnings would be "substantially lower" than in the second quarter as oil production declined in the first two months of the quarter and it received a lower price from the sale of oil. The oil giant said production took a hit from a fire at its refinery in Richmond, Calif., and disruptions from Hurricane Isaac. Aluminum producer **Alcoa**-- the first Dow component to report each quarter -- kicked off the unofficial start of the third-quarter earnings season Tuesday with a [surprise profit](#), helped by productivity improvements and strong sales. Shares of Alcoa rose marginally in after-hours action Tuesday. **Yum! Brands**, the restaurant operator whose brands include Pizza Hut, Taco Bell and KFC, lifted its outlook for the full year to adjusted earnings of at least \$3.24 a share after beating analysts' expectations in the third quarter. The major U.S. stock averages finished just above session lows Tuesday as the International Monetary Fund's downgrade of its global economic outlook added to investor skittishness heading into the start of the new earnings season. Analysts anticipate seeing the first year-over-year earnings decline for the S&P 500 since the third quarter of 2009. The Census Bureau is slated at 10 a.m. EDT to deliver wholesale inventories data for August; economists predict a rise of 0.5% after increasing 0.7% the prior month. At 2 p.m. the **Federal Reserve** will be releasing its Beige Book business survey for September, which comes two weeks ahead of Federal Open Market Committee policy meetings. "Expect conditions across the nation to not quite jive with the drop in the unemployment rate to 7.8%. Otherwise, why would the FOMC have launched QE3? So, to put it shortly, this matters," said Stephen Guilfoyle, U.S. economist at Meridian Equity Partners. Minneapolis Fed President Naryana Kocherlakota will speak to business and community leaders in Great Falls, Mont., at 2:45 p.m., and Dallas Fed President Richard Fisher is scheduled to speak to a **Cato Institute** conference at 4:45 p.m. The FTSE 100 in London was down 0.41% and

the DAX in Germany was lower by 0.29% Wednesday. The International Monetary Fund warned that if European leaders failed to carry out decisive policy measures urgently, the pressure on European banks could result in asset shrinkage by as much as \$2.8 trillion to \$4.5 trillion through the end of next year. The Nikkei Average in Tokyo closed down 1.98% and the Hang Seng in Hong Kong settled off 0.08% as wholesale auto deliveries in China shrank for the first time in eight months in September as escalating territorial tensions between Japan and China led consumers to refrain from purchasing vehicles manufactured by Japanese automakers **Toyota** and **Nissan**. November crude oil futures were down 45 cents at \$91.94 a barrel. December gold futures were down 40 cents at \$1,764.60 an ounce. The benchmark 10-year Treasury was down 3/32, lifting the yield to 1.730%. The dollar was up 0.09%, according to the [dollar index](#). In more corporate news, **FedEx** set a goal Tuesday of improving profit by \$1.7 billion over the next three years, largely by cutting costs at its underperforming express air division. Details of the plan, unveiled by CEO Fred Smith at an investor meeting Tuesday, are expected to be disclosed at a meeting Wednesday. **Wells Fargo** was [sued](#) by the federal government, which accused the bank of misrepresenting the quality of thousands of loans in order to be eligible for federal loan insurance. Japanese automaker **Toyota** will recall 7.43 million vehicles globally including in the U.S., Japan and Europe for a faulty power-window switch. Engine maker **Cummins** reduced its full-year revenue estimate and said that it plans to slash its headcount by as much as 1,500 by the end of the year amid growing global economic uncertainties. Specialty materials and chemicals producer **Ferro** slashed its third-quarter earnings outlook because of its weakening solar pastes and metal powders business.