THE MARKETS: STOCKS & BONDS

THE MARKETS: STOCKS & BONDS; Shares Mixed Despite Early Bump in Technology Sector

By Sherri Day
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Technology stocks rose modestly yesterday as investors reacted positively to the earnings report from Oracle, which said it expected business to pick up in the second half of the year.

But despite an early rally in the technology sector, the overall stock market was mixed for much of the day.

''If there's no real good news and no real positive consensus about the economy bottoming, the rally has no longevity,'' said James M. Weiss, chief investment officer for equities at State Street Research. ''The rally that came this morning is not totally out of gas, but it's a little anemic. It needs a little financial Geritol, and nobody has it.''

The technology-heavy Nasdaq composite index gained 4.03 points, or 0.2 percent, to 1,992.66, after being up as much as 68 points, or 3.4 percent, earlier in the day. Still, it was the Nasdaq's first gain in eight sessions.

The broader Standard & Poor's 500-stock index rose 4.15 points, or 0.3 percent, to 1,212.58. The Dow Jones industrial average, meanwhile, fell 48.71 points, or 0.5 percent, to 10,596.67.

Since companies began to issue earnings forecasts in what is known as the preannouncement period, investors have been hit with an almost daily barrage of warnings about shortfalls for the current quarter and beyond. For the last few weeks, those forecasts coupled with disappointing economic data have made investors skittish.

But after the stock market closed on Monday, investors' hopes were raised when Oracle reported quarterly earnings that exceeded analysts' expectations by a penny a share. Jeffrey O. Henley, Oracle's chief financial officer, said the company was sensing an improvement in the economic conditions that have been a drag on revenue. Shares of Oracle gained $1.92, to $16.76.

Oracle's forecast helped give other software companies a lift. Siebel Systems gained $3.61, to $41.90; Adobe Systems rose $2.21, to $42.75; Citrix Systems was up $2.53, to $28.19; and Rational Software climbed $2.30, to $25.15.

Lehman Brothers, which reported that its profits exceeded Wall Street's estimates, helped to lift the financial services sector. Shares of Lehman jumped $5.20, to $72.50. Morgan Stanley Dean Witter gained $1.15, to $58.45, and Citigroup rose 96 cents, to $50.75. Shares of Goldman Sachs, however, slipped 47 cents, to $88.18, after the company said its second-quarter earnings fell 24 percent as its investment banking business declined.

David R. Webb, executive vice president at Shaker Investments in Cleveland, said stock market rallies were unlikely to be sustainable in the current economic climate, even with interest rate cuts by the

Federal Reserve.

''We may work back up a little bit and fail to really move to appreciably higher levels,'' Mr. Webb said. ''My view is that fundamentally things are bad and actually worsening. There is no reason for the market to move up from here. The only reason for the market to move up is the fact that the Fed is easing, providing liquidity.''

But Pip Coburn, global technology strategist at UBS Warburg, said that with the exception of software companies, which he expected to report disappointing second-quarter results in July, the worst news had passed.

''We'll have a lot of smaller disappointments,'' said Mr. Coburn, who still expects investors to remain cautious. ''But as far as the serious disappointments go, I think we're past that.'' -------------------
Treasury Prices Rise

(By Bloomberg News)

Bond prices rose yesterday as a stock market rally faltered, increasing demand for Treasuries.

The price of the 10-year note rose 4/32, to 98 8/32. Its yield, which moves in the opposite direction from the price, fell to 5.23 percent from 5.25 percent on Monday.

The price of the 30-year bond rose 7/32, to 95 18/32. The bond's yield fell to 5.69 percent from 5.70 percent.

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