



## WALL STREET ANTICIPATES A WEEK OF WATCHING

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*November 4, 2002* -- Don't expect a smooth ride from the stock market this week.

There are too many twists and turns that can affect investor sentiment in the next four days - including tomorrow's election and a crucial Federal Reserve meeting on Wednesday.

That's on top of a U.S. factory orders report today, which could move the markets downward. Last week, a report showed the manufacturing sector is contracting.

Tomorrow's election, on the other hand, sends no clear signal about the market's direction. On election days over the last 10 years, the Dow Jones industrial average rose four times, fell five times and was unchanged once.

The Fed meeting is much more likely to move markets. Economists widely expect a quarter-point or half-point rate cut after last week's economic reports, which showed higher unemployment, lower consumer confidence and a slowdown in manufacturing.

"Lackluster economic news last week caused hopes to rise that the poor reports will force the Fed to trim rates on Wednesday," said Jocelynn Drake, an analyst with Schaeffer's Investment Research.

But a Fed rate cut may not be enough to boost markets. Investors are already expecting a cut, and they may not react with bullish glee when it happens.

In fact, investors may turn bearish on the news, because it will be a clear signal the Fed is worried about the economy and about the chance of a double-dip recession.

"One unfavorable development in October was the increasing number of industries that experienced job losses," said Jade Zelnik, chief economist at Greenwich Capital. "Manufacturing, which posted a job loss of 49,000, remained the weakest - although there was also a surprisingly steep 27,000 drop in construction payrolls - and the contraction in wholesale trade jobs intensified."

That comes on top of job cuts on Wall Street and in the transportation sector. As long as workers are without jobs or fear losing their jobs, they'll hold back on spending. And spending is needed to keep the economy from falling into a double-dip recession.

Other events that may move the markets this week include Thursday's retail sales and third-quarter productivity reports, and Friday's profit news from El Paso Corp. and Four Seasons Hotels.

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