

Market rebounds after Abu Dhabi's Citi stake

By Jennifer Coogan

November 27, 2007 - Stocks rose on Tuesday after Citigroup Inc. got a \$7.5 billion capital injection from Abu Dhabi, bolstering confidence in financial shares and helping stocks recover some of Monday's steep losses.

The investment in Citigroup <C.N> may help stocks emerge from their November slump, a slide that on Monday dragged major indexes 10 percent or more below 52-week highs set in October. A 10 percent decline is considered a market correction.

"Financials are a big part of the market and they affect investor psychology," said Alan Lancz, president, Alan B. Lancz & Associates Inc., an investment advisory firm based in Toledo, Ohio. "But it's a first step. We're not out of the woods yet."

The Dow Jones industrial average <.DJI> was up 115.75 points, or 0.91 percent, at 12,859.19. The Standard & Poor's 500 Index <.SPX> was up 11.22 points, or 0.80 percent, at 1,418.44. The Nasdaq Composite Index <.IXIC> was up 28.96 points, or 1.14 percent, at 2,569.95.

In a sign investors may be bracing for a worsening economy,

Altria Group Inc <MO.N>, parent of the Philip Morris tobacco companies, were the top gainer on the Dow, rising 2 percent to \$72.85.

Several reports gave a dismal picture of the economy, including a decline in consumer confidence to a two-year low.

The Conference Board said its index fell to its lowest in two years on concerns about rising gas prices and financial market volatility.

In addition, U.S. existing single-family home prices, as measured by the S&P/Case-Shiller index on Tuesday, suffered the largest quarterly decline in the index's 21-year history.

Citigroup shares rose 1.3 percent to \$30.18. Other top gainers in the sector were shares of JPMorgan Chase <JPM.N>, up 2.3 percent to \$41.37.

Abu Dhabi Investment Authority, the world's largest sovereign wealth fund, is purchasing a 4.9 percent stake of Citigroup, the largest U.S. bank.

Energy stocks fell as oil tumbled 3 percent on expectations of an OPEC supply boost. Late-month crude futures were trading at \$94.85 a barrel.

Exxon Mobil <XOM.N> shares were down 1.3 percent to \$84.54 and Chevron's <CVX.N> stock lost 1.5 percent to \$82.53.

Shares of Staples <SPLS.O> shot up 10.3 percent to \$21.80 after the office supply retailer reported quarterly profit that topped analysts' estimates.