US stocks rise after earnings reports, takeovers

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Stocks rose Monday after Caterpillar raised its profit forecast for the year and predicted more growth in the global economy. Cigna and other companies announced more than $6 billion worth of acquisitions.

Investors are still waiting for a resolution to Europe's debt problems. European leaders said they made progress at a weekend summit and plan to unveil concrete plans for containing the crisis by Wednesday.

Even with those worries, U.S. companies are still reporting bigger profits. "Although there is a good deal of economic and political uncertainty in the world, we are not seeing it much in our business at this point," Caterpillar Chief Executive Doug Oberhelman said.

The maker of construction equipment reported a 44 percent surge in income, more than Wall Street analysts were expecting, thanks to strong growth in exports. The company said it expected the global economy to continue recovering, albeit slowly. The stock jumped 5 percent, the most among the 30 in the Dow Jones industrial average.

The Dow Jones industrial average rose 54, or 0.5 percent, to 11,863 in the first hour of trading.

The Standard & Poor's 500 index rose 7 points, or 0.6 percent, to 1,245. The Nasdaq composite rose 26, or 1 percent, to 2,664.

Strong earnings reports from McDonald's Corp. and other big U.S. companies last week drove the Dow Jones industrial average to its third straight weekly gain. The S&P 500 finished the week at its highest level since Aug. 3, just before Standard & Poor's downgraded the U.S. government's credit rating.

Other major U.S. companies due to report earnings this week include UPS Inc., Ford Motor Co. and Procter & Gamble.

Analysts expect companies in the S&P 500 to report earnings growth of 14 percent for the third quarter, according to data provider FactSet. They expect a 10 percent gain in revenue.

Expenses are also expected to climb. Higher costs for raw materials helped drag down income 8 percent at Kimberly-Clark Corp., which reported results Monday. The stock fell 4 percent. The company is a major consumer products maker whose brands include Huggies and Kleenex.

Higher costs also hurt cigarette maker Lorillard, which reported a 3 percent drop in

income. Lorillard's stock fell 4.5 percent.

Those reports helped drag down the stocks of other makers of consumer products such as Procter & Gamble Co. and Colgate-Palmolive Co. An index measuring companies that make consumer staples fell 0.5 percent, the worst among the 10 industries that make up the S&P 500 index.

The biggest gains came from stocks in industries whose profits are most dependent on a growing economy. Financial stocks in the S&P 500 rose 1.5 percent. So did industrial stocks and raw material producers.

Stocks of smaller companies also rose more than the rest of the market. The Russell 2000 index of small-cap stocks rose 1.7 percent. That indicates investors are feeling more comfortable with riskier stocks.

A series of corporate deals helped lift the market.

— HealthSpring Inc. rose 34 percent after Cigna Corp. said it will buy the health insurer for about $3.8 billion in cash. Cigna fell 0.4 percent.

— RightNow Technologies Inc. rose 19 percent after Oracle Corp. said it will buy the tech service company for about $1.5 billion. Oracle rose 0.8 percent.

— Mattel Inc. rose 1.7 percent after it agreed to buy Hit Entertainment, the owner of the Thomas & Friends and Barney brands, for $680 million in cash.

— The J.M. Smucker Co. rose 0.4 percent after it bought most of Sara Lee Corp.'s North American foodservice coffee operations for about $350 million.

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