

Nasdaq Composite Closes at 5,048.62

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Stocks were mostly lower Friday as the consumer products sector, already trampled by Procter & Gamble's disappointing earnings forecast, slipped further on a similar warning from Dial Corp. High-tech stocks fell as investors cashed in some gains from the sector's recent rally.

The Dow Jones industrial average fell 81.91 to 9,928.82, capping a highly volatile week. The Dow fell 438.38 points for the week, a loss of 4.2 percent.

The Nasdaq composite index, which fluctuated between gains and losses throughout the session, finished up 1.76 at 5,048.62, achieving a new closing high by the slimmest of margins. The Nasdaq rose 133.83 points during the week, a gain of 2.7 percent.

Broader stock indicators were mixed. The Standard & Poor's 500 fell 6.62 to 1,395.07.

Consumer products stocks struggled after Dial said its earnings for the first half of this year will be down at least 10 percent from a year ago. Its stock plunged 3 1/4 to 11 on the news.

Dial was the second consumer products maker to warn of disappointing earnings this week. On Tuesday, Procter & Gamble shook Wall Street when it announced its third-quarter earnings would miss expectations. That sent the Dow tumbling nearly 375 points.

"Another consumer products company stubbed its toe and now buyers are wary of anything in the blue-chip sector," said Alan Ackerman, senior vice president at Fahnstock & Co.

Procter & Gamble fell 3 7/8 to 53 7/8. Its shares have fallen 39 percent since Tuesday.

Blue chip stocks have been most heavily affected by investors' fears that the Federal Reserve will continue raising interest rates this year to combat inflation. In a reversal of old expectations, investors now feel that the slower growth rates of industrial companies will leave them most vulnerable to higher interest rates, which generally cut into corporate profits.

"That's put all of the old-line cyclical stocks under severe pressure while the Nasdaq has gone screaming out to new highs," said Ricky Harrington, technical analyst at Wachovia Securities in Charlotte, N.C.

The Nasdaq's sprint to 5,000 this week prompted many investors to take a step back Friday. The index closed above 5,000 for the first time on Thursday, breaking through its latest thousand-point barrier just over two months after closing above 4,000 for the first time.

Analysts said some investors were collecting their gains from the Nasdaq's dramatic rise.

CMGI fell 8 15/16 to 136 7/16 and Oracle fell 2 3/8 to 81 5/8. Among Dow components, Hewlett-Packard fell 59/64 to 150 61/64.

"The market started with a bullish tone today. However, traders were quick to take profits," Ackerman said.

Ackerman and other analysts still expect the Nasdaq to remain the best-performing U.S. stock index in the months to come, thanks to big money from mutual funds and pension plans pouring into the technology sector.

Indeed, some technology stocks continued to attract buyers. Dell Computer rose 13/16 to 51 1/4 after PaineWebber raised its rating on the stock to "buy." Qualcomm rose 9 1/8 to 136 1/8.

Financial shares, which have been punished recently by investors worried about interest rates, were looking more attractive Friday as the market realized that these companies are enjoying revenue increases because of the rising volume of stock trading. American Express was the biggest gainer among Dow components, rising 3 15/16 to 126 11/16. Charles Schwab rose 6 3/4 to 52 1/4.

Goldman Sachs rose 5 1/16 to 112 1/4 on volume that heavy enough to prompt the New York Stock Exchange to ask the firm to explain the unusual market activity. Goldman Sachs declined to comment to the NYSE or to The Associated Press.

Declining issues outnumbered advancers by an 11-to-8 margin on the New York Stock Exchange, where volume totaled 1.39 billion shares, compared with 1.37 billion in the previous session.

The Russell 2000 index of smaller companies fell 2.24 to 603.81.

Overseas, Japan's Nikkei stock average rose 0.5 percent. Germany's Xetra DAX index rose 0.3 percent, Britain's FT-SE 100 gained 0.6 percent, and France's CAC-40 rose 1.4 percent.