

STOCKS IN THE NEWS

*FirstFed, Zale Advance;
FuelCell Declines 13%*

BY KEJAL VYAS

Data indicating greater-than-expected economic growth coupled with crude oil's failure to rise despite a storm threatening production helped small-capitalization stocks rally Thursday.

"I'm usually an optimist, but I can't help but be pessimistic in this market," said Alan Haft, chief executive of Newport Beach, Calif.-based Haft Financial.

"I think there is more bad news coming out of the real-estate markets on the commercial sectors...I think we're going to see more bleeding in the financials," Mr. Haft said, adding that Thursday's gains could be seen as a "dead cat bounce."

Investors seemed to lay aside those fears, at least for Thursday, as midcap MBIA said it would reinsure about \$184 billion of municipal bonds issued by Financial Guaranty Insurance in a deal valued at about \$741 million. The news helped build confidence in bond and mortgage insurers, which have been among the hardest hit since the turmoil in the financial markets kicked off a year ago. **MGIC Investment** jumped 94 cents, or 13%, to \$7.97 on the New York Stock Exchange, while **Ambac Financial Group** (NYSE) surged 2.18, or 42%, to 7.42.

Shares of **FirstFed Financial** (NYSE) climbed the most in the financial space, rising 4.03, or 34%, to 16.03.

For the session, the Russell 2000 index of small-cap stocks rose 14.84, or 2%, to 747.79, while

the Standard & Poor's SmallCap 600 added 6.5, or 1.7%, to 391.31.

This was the highest closing value for both indexes since Aug. 15 and the largest one-day gain for the Russell since Aug. 11.

Crude oil dropped for another day on the New York Mercantile Exchange as concerns about Tropical Storm Gustav damaging petroleum facilities were alleviated by an uncertainty about the storm's direction. That, along with a series of encouraging earnings reports, helped consumer stocks jump, led by **Zale** (NYSE), which tacked on 4.77, or 21%, to 27.92. The jewelry retailer said fiscal fourth-quarter sales rose and provided an earnings outlook above analysts' estimates.

The oil-sensitive airline industry also moved higher on oil's decline, led by **US Airways Group** (NYSE) and **JetBlue Airways**, which gained 1.08, or 15%, to 8.16 and 66 cents, or 12%, to 6.05, respectively.

Going against the tide was **FuelCell Energy**. Shares fell 1.10, or 13%, to 7.68 after the company reported a fiscal third-quarter loss wider than analysts expected.

Department-store operator **Dillard's** (NYSE) moved higher with the broader market but got a helping hand as analysts at Deutsche Bank said the Little Rock, Ark., company is showing signs of a turnaround. Shares climbed 1.04, or 9%, to 12.54.

Men's Wearhouse shares (NYSE) rose 1.60, or 8%, to 21.61 as adjusted fiscal second-quarter net income came in slightly above what Wall Street was expecting.