

New York Daily News

Kodak Leads Stoxs Lower

by Nancy Dillon

Sept 26, 2003

Stating His Case: Kodak CEO Daniel Carp at yesterday's meeting with analysts and investors that spurred stock drop.

Eastman Kodak slashed its dividend for the first time in over a century, sending its stock to a 20-year low and wiping the luster from the market's spring-summer rally.

The Dow plunged 81.55 to 9,343.96. The Nasdaq followed suit, ending 26.46 lower at 1,817.24.

"This has all the hallmarks of a classic correction after a huge run-up," said Michael Holland, of Holland & Co.

Kodak provided a third of the Dow's decline but was a signal, too, that stock prices may have gotten ahead of the economy.

"Monday was the beginning of what could be a well-deserved pullback," said Peter Boockvar, stock strategist at Miller Tabak. "We've had a massive run in the market here. You have to reassess."

Kodak shares plunged \$4.84 to \$22.15, nearly an 18% loss. Kodak hasn't dipped that low since May 1985.

"For most investors Kodak was a blue chip, and they were in it for the dividend," said Howard Alter, president of Alter Asset Management, "but this is something Kodak had to do and probably took too long doing."

Worldwide sales of Kodak consumer film declined 6% from April through June. That compares to a 65% spike in sales for Kodak's line of EasyShare digital cameras.

Another big loser was Tupperware, which tumbled \$2.53, or 15%, to \$13.81. The direct-seller of plastic food-storage containers said it will post a quarterly loss of 2 to 3 cents a share.

The Kodak news was joined by a batch of murky economic data. Weekly jobless claims dropped further than expected, with a dip of 19,000 to a seven-month low of 381,000. Below the 400,000-level suggests job creation. But economists said this weekly number could have been skewed by Hurricane Isabel, which made it impossible for people in affected areas to file for benefits.

Also clouding the economic outlook was a report that durable goods orders unexpectedly declined 0.9% in August, dashing expectations of a 0.7% increase.

All that led the market to discount positive data in the housing market,

which showed existing home sales rose 5.5% last month.