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Small Stock Focus

Tech Shares Like Kulicke Lag Behind Large Rivals

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NEW YORK—Small-capitalization stocks edged lower Wednesday after minutes from the most recent Federal Reserve meeting gave a grimmer outlook for growth prospects.

Small-caps' losses were modest, as investors had largely braced for the Fed's gloomier outlook on the economy.

The Russell 2000 index of small-cap stocks fell 2.66 points, or 0.4%, to 640.16. The Standard & Poor's SmallCap 600 index shed 1.47, or 0.4%, to 344.32.

Small-cap technology stocks didn't follow larger tech companies higher after computer-chip maker Intel reported stronger-than-expected quarterly earnings. Some small-cap semiconductor stocks slipped, led by an 8% decline in Kulicke & Soffa Industries. The maker of equipment used in semiconductor assembly said some orders are being delayed until later in the year, but demand remains high.

Small-cap financials were Wednesday's worst performers. Whitney Holding led the slide, falling \$1.79, or 18%, to \$8.18, after the banking company said it expects a larger-than-expected provision for second-quarter credit losses amid continuing weakness in Florida real estate.

Medicaid managed-care company Molina Healthcare climbed 1.85, or 6.5%, to 30.21, after Citigroup said Medicaid revenues will help the company grow. Biopharmaceutical company Emergent Biosolutions also strengthened, up 1.01, or 6.1%, to 17.56. Both are traded on the New York Stock Exchange.

Home health-care providers Gentiva Health Services and LHC Group said they are targets of a Securities and Exchange Commission investigation related to possible abuse of Medicare rules, both said separately after the markets closed Tuesday. Shares of Atlanta-based Gentiva fell 31 cents, or 1.4%, to 21.99, while LHC Group, based in Lafayette, La., fell 53 cents, or 2.3%, to 22.49.

Aircraft leasing and maintenance company AAR (NYSE) slid 73 cents, or 4.1%, to 17.18, after its fiscal fourth-quarter earnings dropped 21% as the Wood Dale, Ill., company continues to wait for its commercial aviation business to pick up. The recession has cut into travel demand and tight credit has forced AAR's commercial-airline customers to cut back.

Adtran, a provider of networking and communications equipment, gained 2.38, or 8.3%, to 31.24, after reporting better-than-expected second-quarter results, as the Huntsville, Ala., company said it was boosted by "strong demand for high-speed connectivity coupled with increasing demand for Ethernet services."

Information-technology outsourcing company iGate jumped 2, or 14%, to 16.17, after its second-quarter earnings climbed 84%, beating analysts' estimates, as revenue surged. The Fremont, Calif., company has posted improving results since mid-2009 as businesses have resumed spending but remained reluctant to hire.

Cabot Microelectronics, which makes equipment used in the semiconductor manufacturing process, dropped 2.22, or 6.1%, to 34.43, after warning that litigation expenses had significantly driven up its fiscal third-quarter costs. The Aurora, Ill., company also said it expects to report revenue slightly below Wall Street forecasts.

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