Stocks slip ahead of consumer confidence report

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Stocks are edging lower in early trading as investors remain nervous about the economy.

A report due out later Tuesday is expected to show regional manufacturing activity in the Midwest slowed this month, similar to other regional manufacturing indexes in recent weeks. Another is expected to say consumer confidence remains low as people worry about their jobs and cut down on spending.

Home prices rose in June for the third straight month. But sales were still getting a lift from the surge of buyers thanks to a now expired tax credit.

The Dow Jones industrial average is down 32, or 0.3 percent, at 9,978. The S&P 500 is down 3, or 0.3 percent, at 1,045, while the Nasdaq composite is down 8, or 0.4 percent, at 2,112.

THIS IS A BREAKING NEWS UPDATE. Check back soon for further information. AP's earlier story is below.

NEW YORK (AP) — Stocks are set to continue their slide Tuesday as investors prepare for more disappointing news about the economy.

Regional manufacturing activity in the Midwest is expected to have slowed this month, similar to declines in other parts of the country. Consumer confidence likely remained at low levels in August.

A housing report showed home prices rose in June for the third straight month. Sales in June, though, were still getting a lift from a now expired tax credit. That has tempered some of the excitement over the report and other indicators point to further weakening in the housing market.

There has been growing concern throughout the month that the economic recovery is slowing to the point where the country could fall back into recession. Investors have been selling shares in August on expectations that slowing growth will eventually cut into corporate profits. The Dow Jones industrial average has dropped 4.4 percent in August.

Declines in markets worldwide could also be contributing to the downbeat mood Tuesday. Japanese stocks tumbled to a 16-month low a day after sharp gains as the yen hovers near a 15-year high against the dollar. Many Japanese companies like Sony, Panasonic and Toyota rely heavily on exports, so a stronger yen cuts into their profits. European markets followed Japan's Nikkei stock average lower.

Again investors poured money into the relative safety of Treasurys because of

worries about a slowdown in global growth. That drove interest rates lower.

Ahead of the opening bell, Dow Jones industrial average futures fell 16, or 0.2 percent, to 9,963. Standard & Poor's 500 index futures fell 2.00, or 0.2 percent, to 1,043.10, while Nasdaq 100 index futures fell 9.25, or 0.5 percent, to 1,759.50.

The yield on the 10-year Treasury note, which moves opposite its price, fell to 2.48 percent from 2.53 percent late Monday. Its yield is often used as a gauge to set interest rates on mortgages and other consumer loans.

The Chicago Purchasing Managers Index likely fell in August to 57 from 62.3 last month. The drop in the index would follow other regional manufacturing indexes that showed activity in the sector slowing in other parts of the country throughout the month.

Manufacturing had shown some of the most consistent growth during the first half of the year, so the slowdown in the industry has been particularly troubling and added to worries about the pace of growth for the remainder of 2010.

Consumers also remain uncertain about the economy, which has kept consumer confidence readings low. The latest reading on confidence is expected to show little change in August, according to economists polled by Thomson Reuters. The consumer confidence index likely inched up to 50.5 from 50.4 last month.

Confidence has remained low as people worry about their jobs. That has cut into spending, which is the primary driver of the nation's economy. Until unemployment drops, consumers are likely to keep spending in check, which will be a drag on the recovery.

The Labor Department's key monthly reading on employment is due out at the end of the week and expected to show private employers remain hesitant to add workers. The unemployment rate is expected to have risen to 9.6 percent in August from 9.5 percent in July.

Like the jobs market, the housing industry remains weak. The S&P/Case-Shiller Home Price Index grew 1 percent between May and June, the third straight monthly gain. However, those gains are likely to slow because of the expiration of the government's home buyer tax credit. Reports on sales in July have indicated a steep drop in the housing market as the surge in buying because of the tax credit works its way out of the data.

Overseas, Japan's Nikkei stock average fell 3.6 percent. Britain's FTSE 100 fell 1 percent, Germany's DAX index dropped 1 percent, and France's CAC-40 fell 1.2 percent.

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