New two-year highs



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Richard Newman works on the floor of the New York Stock Exchange. Stocks rose Tuesday after Toronto-Dominion Bank announced a deal for Chrysler Financial.

Deal drives up stock indexes

Bank acquisition raises hopes

By Chip Cutter and Matthew Craft
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NEW YORK — Financial companies led stock indexes to new two-year highs Tuesday after another big banking deal raised hopes that more acquisitions could be on the way.

Toronto-Dominion Bank said it is buying Chrysler Financial, the automaker's old lending arm, from Cerberus Capital Management LP for $6.3 billion. It was the latest example of a relatively healthy Canadian bank buying a U.S. lender battered by the financial crisis. Toronto-Dominion bought Commerce Bancorp Inc. in 2008, and just four days ago Bank of Montreal said it would buy Milwaukee-based bank Marshall & Ilsley Corp. for $4.1 billion.

The S&P 500 closed above the level it reached on Sept. 12, 2008, the last trading day before the collapse of Lehman Brothers at the height of the financial crisis. The Dow Jones industrial average is at its highest since Aug. 29, 2008.

Corporate mergers have picked up strongly this year.

That, along with signs of an improving economy and a tax cut package passed last week, have helped drive stocks up. The S&P 500 has jumped 6.3 percent this month and 12.5 percent this year.

Investors like to see an increase in deals because it shows that companies are becoming more confident in the economy.