DOW ERASES 2015 LOSSES

Surges 323 points as rally gains steam

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The stock market's early-year stumble is over.

In a stunning turnaround after the worst three-day start to a year since 2008, the stock market bounce that began Wednesday gathered more momentum Thursday when the Dow Jones industrial average surged more than 300 points, wiping out its early-year losses and climbing back into positive territory for the year.

The Dow, Standard & Poor's 500 and Nasdaq composite each finished up about 1.8%. The Dow's 323-point advance marked its first back-to-back triple-digit point gains since Dec. 17-18.

The blue-chip index, which was down 2.5% just three sessions into the year, has now wiped out all of its losses for 2015. The powerful rally has also put the S&P 500 and Nasdaq in the black for the year — something that didn't happen in 2014 until May.

WILD RIDE
Stocks have plunged and soared in the first five days of trading.

DOW JONES INDUSTRIALS MOVE

Jan. 2, 5 and 6
DOWN 451 points

Jan. 7 and 8
UP 536 points

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The same forces that sparked the market bounce Wednesday — stabilization in oil prices and rising hopes for more aggressive stimulus from central bankers in the eurozone — drove prices higher again Thursday.

Stocks also got a lift from comments from a Federal Reserve member Wednesday night that suggested it would be a mistake for the Fed to raise interest rates this year. Low rates have been a key pillar of the nearly six-year-old bull market.

A strong rally in European stocks also boosted sentiment. Global investors are betting that the European Central Bank will embark on a U.S.-style government bond-buying program later this month to combat dangerously low inflation. Germany's DAX index rose 3.3%, the CAC 40 in Paris rose 3.5% and the FTSE 100 in London rose 2.4%.

"Buy the dip is definitely not dead," says Frank Fantozzi, CEO of Planned Financial Services, a Cleveland-based financial planning and investment firm.

Investors with money on the sidelines who still believe the U.S. economy will continue to gain steam this year used the Dow's nearly 4% drop from its Dec. 26 high as an opportunity to pick up some bargains, adds Fantozzi. "There's a lot of cash on the sidelines and investors said, 'OK, the market dropped. Let me take advantage.' " he says. "I think when you see the market cool from time to time, you will see people use that as a reason to buy in. It is like going to Macy's and buying something for 10% to 15% off."

A continuation of good economic data at home also helped. The number of Americans filing initial jobless claims fell 4,000 last week to 294,000. That positive news follows Wednesday's better-than-expected readings on private job creation last month and a sizable drop in the nation's deficit November.

The upbeat data suggest that the U.S. economy — at least so far — is shrugging off weak growth abroad and continues its momentum.

Another positive for the bulls is continued stabilization of oil prices. After falling more than 50% from its highs back in June, U.S. crude prices have been inching back up. When oil slumps, so do stocks. But when oil sports a gain, like it did Wednesday, stocks also accelerate to the upside.