

Dow Jones average hits highest mark since '07

BY MATTHEW CRAFT
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NEW YORK — The fastest growth in U.S. manufacturing in 10 months gave stocks a lift Tuesday and pushed the Dow Jones industrial average to its highest close in more than four years.

Manufacturing expanded last month at the strongest pace since June, according to the Institute for Supply Management. Orders, hiring and production all rose.

A measure of manufacturing employment also reached a nine-month high, a hopeful sign ahead of Friday's monthly jobs report.

The manufacturing news jolted stock indexes out of a morning stupor, although the gains waned throughout the afternoon. The Dow added 65.69 points to 13,279.32, its highest closing mark since Dec. 28, 2007, during the first month of the Great Recession.

"It definitely changed the direction of markets," said Jack Ablin, chief investment officer at Harris Private Bank.

Treasury prices fell, and benchmark crude oil rose \$1.29 to settle at \$106.16 per barrel. Both of those things tend to happen when investors expect stronger economic growth.

Ablin saw an irony in the reaction to the ISM report. Europe's debt crisis has knocked markets around for months, jerking stocks down on worries its troubles could cross the Atlantic. But Europe's woes have made U.S. manufacturers look more attractive to companies, Ablin said.

"It's gotten to a point over last 10 years where it's better to manufacture here than in pretty much any other developed country in the world," he said.

In a separate report Tuesday, the Commerce Department said construction spending ticked up in March, following two months of declines.