Dow closes above 11,000

Investors buy on hope that Fed will increase stimulus efforts

By Stephen Bernard
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NEW YORK— The Dow Jones industrial average closed above 11,000 for the first time in five months Friday as hopes built that the Federal Reserve will take more action to get the economy going.

The milestone comes a day before the three-year anniversary of the market's all-time high. The Dow is 22.3 percent below that level.

The last time the Dow closed above 11,000 was May 3, just three days prior to a harrowing "flash crash" that briefly sent stocks plummeting. The Dow had reached its highest level of the year just a week before.

A weaker jobs report added to a series of tepid economic indicators in recent weeks that have built expectations that the Fed will announce new steps to encourage borrowing when it meets in early November.

Private employers added 64,000 workers last month, short of the 75,000 economists expected, according to a monthly government report released early Friday. Overall, 95,000 jobs were slashed as governments laid off workers, including temporary census employees. The unemployment rate held steady at 9.6 percent.

Jason Pride, director of investment strategy at wealth management firm Glenmede, said that the weak report gives the Fed "the window of opportunity to take action."

The Fed's goal, if it starts buying bonds again, would be to drive interest rates down further from their already low levels and spark borrowing and spending. Lower rates could also eventually drive investors into riskier assets like stocks or into currencies in coun-

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tries with more attractive interest rates.

Alcoa gains

Alcoa Inc. was the biggest gainer among the 30 stocks that make up the Dow Jones industrial average after reporting earnings that beat expectations late Thursday. Shares of the aluminum maker rose 5.7 percent to close at $12.89 after the company raised its forecast for global aluminum consumption.

Alcoa is traditionally the first of the Dow 30 to report earnings and is often seen as a bellwether for industrial companies. Other materials companies such as Freeport-McMoRan Copper & Gold Inc. and Dow Chemical Co. also rose.

The Dow rose 57.90, or 0.5 percent, at 11,006.48. The Dow first crossed 11,000 in May of 1999, and reached its highest close of all time on Oct. 9, 2007, when it finished at 14,164.53.

The Dow is up five of the past six weeks, and 5.5 percent for the year.

The Standard & Poor's 500 index gained 7.09, or 0.6 percent, to 1,165.15, and the Nasdaq composite index gained 18.24, or 0.8 percent, to 2,401.91.

Employers have not started hiring a lot of workers because of worries about potential tax hikes and unknown costs associated with health care and financial regulatory reform passed earlier this year. Consumers have also kept their spending down which has kept a lid on hiring.

Earnings are likely to become more of a factor in the market's direction in the coming weeks as hundreds of companies report results.

Carole Peck, president and founder of Carole Peck Financial Center, said "if we see positive earnings, and projections for the fourth quarter are fairly decent, that should play positively."

Strong earnings results and upbeat corporate outlooks drove the Dow up 7.1 percent in July.

About three stocks rose for every two that fell on the New York Stock Exchange, where volume came to 945 million shares.