Dow soars on bank's strong showing

Wells Fargo's first-quarter profits catch Wall Street by surprise

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CLOSED FOR THE DAY

■ U.S. stock markets will be closed Good Friday and reopen for trading Monday morning.

NEW YORK — Stocks surged Thursday to their highest levels in two months after banking giant Wells Fargo & Co. surprised the market with an early profit report that blew past analysts' expectations thanks to a strong pickup in its lending business.

The Dow Jones industrial average jumped nearly 250 points and major market indexes logged their fifth straight week of gains. Markets are closed for Good Friday.

Investors have been grasping at any sign of improvement in the crippled banking industry, and Wells Fargo's report Thursday that it expects first-quarter earnings of $3 billion provided an encouraging sign that a deep freeze in borrowing activity may finally be thawing. Wells Fargo said it benefited from its January acquisition of Wachovia and an increase in mortgage applications.

"The fact that Wells Fargo can have record profits despite the troubles facing the banking system tells you something," said Rick Campagna, chief investment officer at 300 North Capital in Pasadena, Calif. "It's very good news."

According to preliminary calculations, the Dow rose 246.27, or 3.1 percent, to 8,083.38. It was the blue chips' first close above the 8,000 mark in nearly a week and the highest finish since Feb. 9. The Dow hadn't logged five straight weekly gains since October 2007, the stock market's peak.

Broader stock indicators also rose sharply. The Standard & Poor's 500 index rose 31.40, or 3.8 percent, to 856.56. Like the Dow, it was the highest close for the S&P 500 since Feb. 9.

The Nasdaq composite index rose 61.88, or 3.9 percent, to 1,652.54, its highest finish of the year. In 2009, the index is up 4.8 percent.

For the week, the Dow rose 0.8 percent, the S&P 500 rose 1.7 percent and the Nasdaq added 1.9 percent.

The report from Wells Fargo injected a decisively upbeat tone into the market after three days of choppy trading earlier this week, when stocks appeared to be taking a breather after barreling ahead more than 20 percent in March. Analysts see occasional pullbacks as signs of a healthy market as investors allocate money carefully instead of just following a frenzied crowd.

Bank shares had been sluggish this week following worrisome forecasts from key analysts about the bad loans they still carry on their balance sheets and other long-term woes. Major banks begin reporting first-quarter results next week.

Wells Fargo jumped 31.7 percent Thursday and several other major banks also barreled higher, including Bank of America Corp. up 35.3 percent; JPMorgan Chase & Co. up 19.4 percent, and Citigroup Inc., up 12.6 percent.

Investors appeared unfazed by uneven monthly sales reports from retailers and mixed economic news.

The jump in stocks comes at the end of a relatively quiet holiday week.

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