

Dow tops 13,000 for first time

Slides back under at close

BY CHRISTINA REXRODE
ASSOCIATED PRESS

NEW YORK — The Dow Jones industrial average crossed 13,000 on Tuesday for the first time since May 2008, when the Lehman Brothers investment bank was solvent, unemployment a healthy 5.4 percent and the worst of the Great Recession months ahead.

The milestone came about two hours into the trading day. The stock

market got the final push from strong corporate earnings reports and a Greek bailout deal intended to prevent the next financial crisis.

The average was above 13,000 for about 30 seconds before dropping back. It reclaimed the mark just after noon and again just after 1:30, then lost all its gains for the day.

Just last summer, the Dow unburdened itself of 2,000 points in three terrifying weeks. S&P downgraded the United States' credit rating. Washington was fighting over the federal borrowing limit and the European debt crisis was raging.

A second recession in the United States was a real fear. But the economy grew faster every quarter last year, and gains in the job market have been impressive, including 243,000 jobs added in January alone.

"Essentially over the last couple of months you've taken the two biggest fears off the table, that Europe is going to melt down and that we're going to have another recession here," said Scott Brown, chief economist for Raymond James.

The Dow last closed above 13,000 on May 19, 2008. The next day, it crossed under 13,000,

not to return for almost four years. The Dow fell as low as 6,547 on March 9, 2009. It has almost doubled since then.

The 13,000 level is a psychological milepost, but in a market built on perception, it could influence more cautious investors to pump more money back into the stock market, analysts said.

"You need notches along the way to measure things, and that's as good as any," said John Manley, chief equity strategist for Wells Fargo's funds group.

Dan McMahon, director of equity trading at Raymond James, called

since '08

the 13,000 marker a "positive catalyst, and that's what we need to get us through the next range." In the end, he said, it's just "a big round number."

The Dow fell as low as 10,655 in the fall. The 13,000 marker is a 22 percent rally from that low. The Dow is within 1,200 points of its all-time closing high — 14,164, set Oct. 9, 2007.

From 13,000, it would take a 9 percent rally for the Dow to hit an all-time high. The S&P, a broader reading of the market, would need a bigger rally, 15 percent from here, to set a record.