Better than expected

4/16/11



RICHARD DREW / AP

Trader Richard Newman, center, works on the floor of the New York Stock Exchange. Rising inflation around the world weighed on stock markets Friday.

Economic news boosts stocks

Encouraging manufacturing report, modest inflation spark slight gains

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THE ASSOCIATED PRESS

NEW YORK — Stocks made modest gains Friday as encouraging signs on the economy overshadowed disappointing earnings from Google and Bank of America.

Stock indexes closed lower for the week. The Dow Jones industrial average dropped 117 points Tuesday when Japan raised the severity of its nuclear crisis and Alcoa Inc. reported disappointing sales.

The Federal Reserve reported that U.S. factories increased production for the ninth straight month. Separately, the Labor Department said consumer prices rose just 0.1 percent last month, excluding food and gas prices. That's lower than the 0.2 percent increase economists were expecting.

Consumers' confidence in the economy is also growing more than analysts predicted, according to a survey by Thomas Reuters and the University of Michigan.

Bond prices rose as the Labor Department report eased concerns about inflation. The yield on the 10-year Treasury note fell to 3.41 percent from 3.51 percent late Thursday. Bond yields fall when their prices rise.

The Dow Jones industrial average rose 56.68 points, or 0.5 percent, to 12,341.83. The Standard & Poor's 500 index rose 5.16 points, or 0.4 percent, to 1,319.68.

The Nasdaq composite gained 4.43, or 0.2 percent, to 2,764.65.

"With the data that we saw this morning, there are a lot of reasons to be cautiously optimistic that we'll see a strengthening economy for a while and a steady lift in the (stock market)," said Doug Godine, a managing director at Signal Hill, an investment bank.

Google Inc. weighed on technology stocks after the company said it missed earnings estimates, due in part to a hiring spree that will last throughout the year. The company fell 8.3 percent.

Bank of America Corp. also missed analyst estimates. The country's largest bank fell 2.4 percent as problems in the bank's mortgage business continued to weigh on its results.

Broker Charles Schwab Corp. gained 2 percent after the company said its first quarter earnings beat analyst expectations.

The S&P index lost 0.6 percent for the week, its second straight week of losses. The Dow average was down 0.3 percent, its first down week since March 18.

More than two stocks rose for every one that fell on the New York Stock Exchange. Trading volume was 4 billion shares.

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