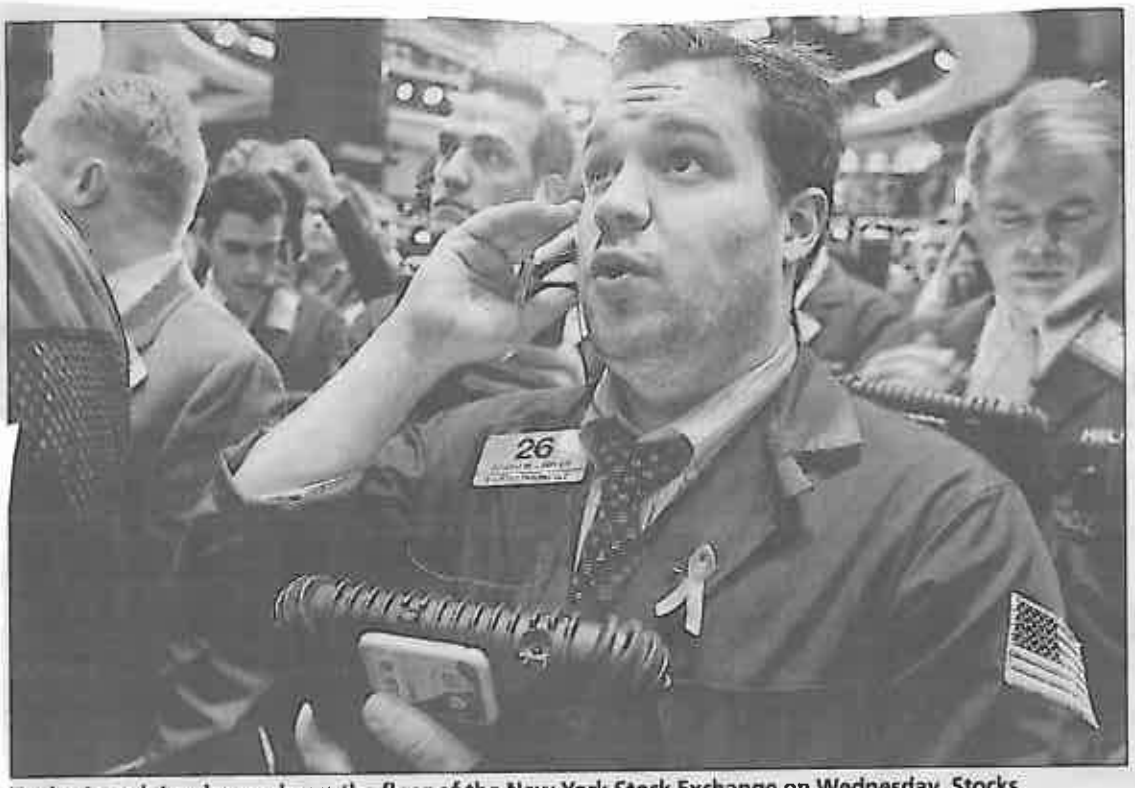


Trader Joseph Lawler works on the floor of the New York Stock Exchange on Wednesday. Stocks rebounded a bit, although the Nasdaq composite fell. RICHARD DREW/AP

Faint hope of accord interrupts stock slide

Yellen nomination also buoys investors

By Steve Rothwell
Associated Press

NEW YORK — Signs that lawmakers are making moves to end a stalemate in Washington and avert a U.S. government debt default halted a slump on the stock market Wednesday.

President Barack Obama is making plans to talk with Republican lawmakers at the White House in the coming days as pressure builds on both sides to resolve their deadlock over the federal debt limit and the partial government shutdown before the U.S. Treasury's borrowing authority is exhausted next week.

The stock market's losses accelerated at the start of this week as the shutdown dragged on and both the White House and House Republicans appeared to become more entrenched in their positions. The Standard & Poor's 500 index has fallen about 4 percent since climbing to a record on Sept. 18.

"We were quite oversold," Alec Young, a global equity strategist at S&P Capital, said of the market's moderate recovery on Wednesday. "For this really to have any legs, though, we need to see signs of compromise in Washington."

The S&P 500 index gained 0.95 points, or 0.1 percent, to 1,656.40. The index lost 2 percent in the first two days of this week as concerns grew that politicians would fail to reach a deal before the government hits its debt ceiling on Oct. 17.

The Dow Jones industrial average rose 26.45 points, or 0.2 percent, to 14,802.98. The Nasdaq composite fell 17.06 points, or 0.5 percent, to 3,677.78.

The pace of companies reporting third-quarter earnings is picking up, giving investors better insight into how corporate America is doing.

Yum Brands, the owner of KFC, Taco Bell and Pizza Hut, was the biggest decliner in the S&P 500 index after its earnings fell short of Wall Street's expectations. The discount retailer Family Dollar also slumped.

The White House nomination of Federal Reserve Vice Chairwoman Janet Yellen for the top position at the central bank also was seen by many as positive for stocks.