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USA TODAY MONEY

Nasdaq hits a 14-year high

Strong growth for tech, biotech firms helps fuel rise

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The long road back toward Nasdaq 5000 continued Monday, with the tech-packed Nasdaq composite rallying to a fresh 14-year high, hitting its best level since March 31, 2000.

The Nasdaq, of course, has been trying to overcome the hit from the Internet stock crash back in 2000, a painful period that saw the index plunge 78% to 1114, from a peak of 5048.62 on March 10, 2000.

As Wall Street rallied broadly Monday, after the Ukraine-Russia crisis didn't spiral out of control over the weekend as feared, the Nasdaq gained 43.39 points, or 1%, to 4508.31. That eclipsed its recent closing high of 4485.93 from July 3.

The Dow Jones industrial average gained 176 points, or 1.1%, to 16,834, but it and the Standard and Poor's 500 fell short of the record highs they set in July.

The Nasdaq is leading the performance charts for the second straight year, outpacing the blue-chip Dow, S&P 500 and the small-company Russell 2000 again — at least so far. The Nasdaq is up 7.9% in 2014, vs. 1.6% for the Dow and 6.7% for the S&P.

One reason the Nasdaq keeps charging higher is the fact that profit growth of tech and biotech companies, which make up the bulk of the index, has been so strong. With the second-quarter earnings season winding down, S&P says tech companies' earnings grew at a pace of 15.1%, nearly double the 8.3% growth rate for the broad market.

Innovation in tech — as well as the growing drug pipeline in biotech — continues to fuel demand for these stocks, said Doug Cote, chief market strategist at Voya Investment Management. "Trends such as Big Data, the cloud, robotics and smart factories are just a few examples of the tech developments (affecting) every economic sector and creating top-line, bottom-line and quality-of-life opportunities considered far off even a short time ago."

KEEPING SCORE

Where the big three U.S. indexes are vs. their all-time highs:

S&P 500
-0.8%

DOW JONES INDUSTRIAL
-1.7%

NASDAQ COMPOSITE
-10.7%

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