Lifting traders' hopes



Trader Michael Urkonis, center, works on the floor of the New York Stock Exchange Tuesday. Stocks shot higher after the market opened on comforting news from Europe and an optimistic outlook from Alcoa. RICHARD DREW/AP

Rally in Europe, demand outlook help to lift stocks

By Daniel Wagner
The Associated Press

U.S. stocks rose solidly Tuesday after European markets rallied and corporate bellwether Alcoa predicted stronger demand in 2012. The Standard & Poor's 500 index closed at its highest level since July.

European markets soared after Fitch Ratings said that it will not downgrade France's credit rating this year. France's CAC-40 index closed 2.7 percent higher; Germany's DAX rose 2.4 percent.

A downgrade for France could scuttle the region's efforts to stem its debt crisis. Europe's bailout fund needs France and Germany to keep their sterling credit ratings so it can borrow at affordable rates.

Kicking off U.S. corporate earnings season, aluminum maker Alcoa said late Monday that its fourth-quarter revenue far outpaced analysts' projections.

CEO Klaus Kleinfeld predicted that global aluminum demand will increase 7 percent in 2012. Aluminum demand offers clues about broader economic trends because so many industries rely on the metal.

Many analysts had feared weaker corporate profits in the fourth quarter because of Europe's deepening economic troubles and slower growth in the developing world. The solid report from Alcoa seemed to quell those concerns and lifted traders' hopes for strong corporate earnings reports in the coming weeks.

The Dow Jones industrial average rose 69.78 points, or 0.6 percent, to 12,462.47. The Nasdaq composite index gained 25.94, or 1 percent, to 2,702.50.

The S&P 500 index rose 11.38 points, or 0.9 percent, to 1,292.08. All 10 of its industry groups rose. Among the biggest gainers were materials companies such as Alcoa, which benefit from rising prices for metals, energy and other commodities.