BUSINESS

Rally pushes markets to year high

By Tim Paradis
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NEW YORK — Investors popped the stock market's rally back in gear Friday after analyst upgrades boosted optimism about the economy.

A 36-point advance in the Dow Jones industrial average left the index at a new high for the year and with a gain of 215 points for the week. Stock indexes have risen in nine of the past 11 days.

Stocks got a boost from a shift by Barclay's Capital, which raised its projection for growth in the nation's gross domestic product for first three months of next year to 5 percent from 3 percent. GDP has been shrinking, although many economists think it will return to growth for the July-September quarter.

Meanwhile, Procter & Gamble Co. pulled the Dow higher after an analyst raised her rating on the giant consumer products company, citing the company's price-cutting strategy. Procter & Gamble's huge portfolio of brands includes Tide detergent and Gillette razors.

The market's climb came a day after a pullback that did little to quiet analysts' calls for a break in the rally.

Marc Harris, co-head of global research for RBC Capital Markets in New York, said the strength of the rally has surprised many investors because some of the stocks posting the biggest advances are of lower-quality companies with weak balance sheets that investors only months ago feared might go out of business.

"Even turkeys are going to fly in a hurricane," Harris said. "Those lower-quality companies are leading the charge here."

Financial companies and home builders have been among the biggest gainers in the recent run. Many of these companies still face major hurdles with bad debt and the weak housing market.

American Airlines parent AMR Corp. surged 19.7 percent after the company said it had secured $2.9 billion in cash and financing. Some investors have been worried about its stability. The stock slipped 1.7 percent Friday.

Many analysts expect the market's run will slow — but perhaps not stop — as investors shift holdings from industries where the gains have been strong, like technology, to other areas which have lagged.

The Dow rose 36.28, or 0.4 percent, to 9,820.20. The broader Standard & Poor's 500 index rose 2.81, or 0.3 percent, to 1,068.30, while the Nasdaq composite index advanced 6.11, or 0.3 percent, to 2,132.86.

For the week, the Dow rose 2.2 percent, while the S&P 500 index and the Nasdaq rose 2.5 percent.