

Recession easing, Fed says

Dow gains 169 points, other major indexes see increases, too

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THE ASSOCIATED PRESS

NEW YORK — The Fed confirmed what Wall Street has already concluded: The recession is starting to ease.

Federal Reserve policymakers said at the end of a two-day meeting that while the economy is still receding, the pace of decline “appears to be somewhat slower” than the last time they met in mid-March.

That was confirmation enough for the stock market.

Major indexes, which had already been up sharply ahead of the announcement, posted gains of more than 2 percent.

The Dow Jones industrial average jumped 169 points to its highest close since Feb. 9.

“It’s all part of a picture of improving confidence,” said Richard E. Cripps, chief market strategist for Stifel Nicolaus.

Stocks began the day higher as investors responded to bright spots within a weaker-than-expected report on the na-

tion’s economic output for the first three months of the year.

Gross domestic product contracted at an annual rate of 6.1 percent, much steeper than the 5 percent forecast by economists polled by Thomson Reuters.

But the glimmers of good news in the report drove the Standard & Poor’s 500 to its highest trading level since late January.

Investors were encouraged by a rebound in consumer spending, which accounts for more than two-thirds of U.S. economic activity, and a decline in business inventories.

On President Barack Obama’s 100th day in office, the GDP report at least provided signs that the nation is seeing its economic slide start to moderate.

According to preliminary calculations, the Dow jumped 168.78, or 2.1 percent, to 8,185.73.

The Standard & Poor’s 500 index gained 18.48, or 2.2 percent, to 873.64.

Similarly, the Nasdaq composite index advanced 38.13, or 2.3 percent, to 1,711.94.