

Recovery news gives stocks a lift

Jobs and economic reports spark highs

By Chip Cutter
THE ASSOCIATED PRESS

NEW YORK — Stocks rose to another high for the year Wednesday after Federal Reserve Chairman Ben Bernanke said central bank officials expect the economy to continue recovering as the jobs market strengthens. An index of small stocks hit a record.

The Fed said it expects the economy to grow as much as 3.3 percent this year. That's below the Fed's previous forecast in January, but the Fed also said it's more optimistic about jobs. It now expects the unemployment rate to fall as low as 8.4 percent by the end of the year. The unemployment is currently at a two-year low of 8.8 percent.

Bernanke's comments came during his first news conference. He was speaking after Fed officials held a two-day policy meeting. The Fed also announced that its \$600 billion bond-buying program would end as scheduled in June. The Fed repeated its promise to keep interest rates low for "an extended period."

The Dow Jones industrial average rose 95.59 points, or 0.8 percent, to close at 12,690.96. The Dow was already up before Bernanke's appearance and rose another 50 points after the Fed chairman spoke. The last time the Dow was this high was in May 2008.

The Standard & Poor's 500 rose 8.42, or 0.6 percent, to 1,355.66. That was its highest price since June 2008. The index is still 13 percent below the



HENNY RAY / The Associated Press

Traders work the floor of the New York Stock Exchange as news about unchanging interest rates flashes on the TV.

record high of 1,565 it reached in October 2007. The Nasdaq composite index rose 22.34, or 0.8 percent, to 2,869.88.

The Russell 2000 index, a benchmark for small stocks, surpassed its record high of 855.77 reached in July 2007. It closed up 5.27, or 0.6 percent, to 858.31. Small stocks have soared since the market's rally began because they're seen as having the best growth prospects as the economy recovers.

The economy's rapid re-

bound from the recession has lifted smaller companies to record highs. Companies in the S&P 500 index have record amounts of cash on their balance sheets, leading to the widespread belief that smaller companies are natural targets for corporate acquisitions.

"The fact is that until we go into a sustained soft patch in the economy, the small (companies) are going to continue to outperform," said Quincy Krosby, chief market strategist at Prudential Financial.