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Trader James Seip uses a phone post on the floor of the New York Stock Exchange, where stocks continued to rise Monday

S&P index goes into bullish zone

Stocks rally ahead of Fed meeting today

By Stephen Bernard
THE ASSOCIATED PRESS

NEW YORK — Stocks extended their September rally into a fourth week Monday as investors hoped for more moves by the Federal Reserve to prop up the economy.

Buying accelerated after the Standard & Poor's 500 index, the market measure most often used by professional traders, broke through the high end of its recent range. Technical analysts see that as a bullish sign.

The Dow Jones industrial average jumped 146 points to its highest close since May. Buyers were also encouraged by an announcement from a group of economists declaring that the most recent recession ended in June 2009.

The Fed meets today to discuss interest rates, and investors are hoping for a sign that the central bank might make more moves to keep rates low. There is a growing expectation that the Fed's rate-setting committee could relaunch programs to buy Treasurys and mortgage bonds to stimulate the economy. At the very least, it might hint at future plans.

"The Fed will hint at it, put it on the table, but not do anything," predicted Brian Gendreau, a market strategist at Financial Network Investment.

A number of economic indicators have topped forecasts in recent weeks, propelling stocks higher, but the economy is far from strong. If the Fed starts buying bonds again, it could drive interest rates lower, enabling companies and consumers to get cheaper loans. The Fed had a similar bond-buying program earlier this year.

In corporate news, IBM Corp. said it would buy data storage provider Netezza Corp. for about $1.7 billion in cash. Investors see acquisitions as a sign companies are more comfortable spending their spare cash built up during the recession to expand their businesses.

The Dow Jones industrial average rose 145.77 points, or 1.4 percent, to close at 10,753.62.

The Standard & Poor's 500 index rose 17.12, or 1.5 percent, to 1,142.71. The Nasdaq composite rose 40.22, or 1.7 percent, to 2,355.83.

The S&P 500 climbed solidly above the key technical level of 1,131, the high end of its recent trading range. The S&P briefly crossed that barrier Friday for the first time since June 21, but not for long enough to convince analysts the market had the momentum to surge higher.

Many automatic buy and sell orders are set around market milestones such as these, and investors watch those levels closely for clues about which way the market may go next.

Five stocks rose for every one that fell on the New York Stock Exchange.