BUSINESS

S&P logs best year since 1997

'I expect a lot of good things for new year' as economy continues to improve, strategist says

By Ken Sweet
Associated Press

NEW YORK — The stock market closed out a record year with more all-time highs on Tuesday, giving U.S. indexes their biggest annual gains in almost two decades.

The Standard & Poor's 500 index notched its best year since 1997; the Dow Jones industrial average rose the most since 1995. While trading was light on the last day of the year, investors still rallied behind a report that showed consumer confidence rose significantly in December.

The early signs for the market in 2014 are also encouraging.

"I expect a lot of good things for the new year," Karyn Cavanaugh, market strategist with ING U.S. Investment Management, said. "The economy is getting better and corporate earnings are improving. That's going to drive the market higher next year as well."

On Tuesday, the Standard & Poor's 500 rose 7.29 points, or 0.4 percent, to 1,848.36. The index ended 2013 up 29.6 percent. With dividends included, the total return was 31.9 percent.

The Dow Jones industrial average rose 72.37 points, or 0.4 percent, to 16,576.66. The blue chips ended the year up 26.5 percent.

Lastly, the Nasdaq composite rose 22.39 points, or 0.5 percent, to close out 2013 at 4,176.59. The Nasdaq did far better than the Dow and S&P, rising 38.3 percent for the year.

While stocks clawed higher for most of 2013, the rally accelerated into the end of the year. The Federal Reserve's announcement on Dec. 18 that it would start paring back, or "tapering," its economic stimulus pushed stocks further into record territory.

All 10 sectors of the S&P 500 ended the year higher, but the year's biggest gainers were companies most exposed to the U.S. economic recovery.