

BUSINESS

S&P 500 index soars

It's at highest point since June 2008;
Dow again briefly passes 13,000

By Matthew Craft
The Associated Press

NEW YORK — A two-point gain was enough to push the S&P 500 index to its highest level since June 2008, three months before the collapse of Lehman Brothers and the darkest days of the financial crisis.

The S&P 500 index closed at 1,365.74, beating its 2011 closing high by two points.

For the second day this week, the Dow Jones industrial average nudged above 13,000 then pulled back. It rose 29 points in the morning but wavered in the afternoon. The Dow

dropped 1.74 points to close at 12,982.95. American Express was the leading stock among the 30 that make up the average, gaining 1.2 percent.

It was a similar story Tuesday, when the Dow flitted above 13,000 three times but ended the day lower. The average hasn't closed above 13,000 since May 19, 2008.

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Trader Anthony Riccio works on the floor of the New York Stock Exchange. Two economic reports released Friday weren't enough to keep the Dow above the 13,000 mark. RICHARD DREW/AP

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What will it take for the Dow to close above 13,000 and stay there? Mark Lamkin, CEO of Lamkin Wealth Management in Louisville, Ky., said it would require a surprising news event, like a huge merger or an economic report that blows past expectations.

"It needs some type of surprise, a bombshell," Lamkin said. "We've had a pretty good run over the past four months. Now it's going to take something great to keep it above 13,000."

The two economic reports out Friday didn't make the cut.

A consumer sentiment index taken by the University of Michigan and Reuters edged up in February to its highest level in a year. And the Commerce Department reported that sales of new homes dipped slightly in January, but the figure still topped economists' estimates.

It also said sales in the final three months of 2011 were higher than previously reported.

"The numbers are just OK," Lamkin said. "They weren't bad, but they weren't great, either."

In other trading, the Nasdaq composite index rose 6.77 points to 2,963.75.

Oil prices hit a nine-month high of \$109.77 a barrel. The price of oil has jumped 10 percent this month amid rising concerns about a conflict with Iran.

The euro added a penny against the dollar, hitting \$1.346, its highest since Dec. 5. Greece made a formal offer to creditors to swap their Greek government bonds for new ones, another step toward knocking \$142 billion off its debts. The swap is part of a deal to prevent Greece from defaulting on a debt payment due next month.

Stock indexes have been climbing since November as European officials redoubled their efforts to contain the region's debt crisis and the European Central Bank extended cheap loans to troubled banks.

The S&P 500 index has gained 8.6 percent to start 2012, better than its long-term annual average gain.

In contrast to the volatile trading of late last year, the market's gains have been small but steady. To Lamkin, the lack of large swings looks ominous. The world is still full of dangers, he said. Lamkin tells his clients that the top risks

are another flare-up in the European debt crisis and a war between Israel and Iran.

"When the next big thing happens, and it will, you're going to see a pull-back," he said. "I think we're due."

Among stocks making big moves:

» Sprint Nextel Corp. lost 2 percent. The country's largest cable company, Comcast, filed a suit against Sprint Nextel, alleging that it was violating Comcast's patents.

» Gap fell 4 percent. The clothing retailer reported a 40 percent plunge in quarterly profit after the market closed Thursday. Gap said higher costs and deep discounts weighed on its revenue.

» Deckers Outdoor Corp. sank 14 percent after the maker of Ugg boots and Teva footwear said higher costs will lead to lower profits for the quarter and full year.

» Kenneth Cole Production Inc. soared 18 percent to \$15.49 on news that Kenneth Cole is offering to buy the rest of the company. Cole currently holds about 47 percent of the company and has offered would give stockholders \$15 per share, a 15 percent premium to the company's Thursday closing price.