BUSINESS

Stocks edge closer to 11,000

News from service index sends market up close to 200 points

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NEW YORK — Stocks surged to their highest level in five months Tuesday after a measure of the most important driver of the U.S. economy surged ahead in September, a hopeful sign for the country's main source of employment.

A surprise move by the Bank of Japan to cut its key interest rate to virtually zero also lifted stocks worldwide.

The Institute for Supply Management reported that its index of business activity at U.S. service companies expanded again last month, and far faster than analysts were expecting. The ISM's measure of service companies encompasses a wide range of industries including finance, health care and trade.

It was the ninth-straight month of expansion in service businesses, which have been growing at a slower pace in the U.S. relative to the much smaller manufacturing sector. Service providers account for about 83 percent of all private employment in the U.S.

Traders are also hoping to get more positive news from the beginning of corporate earnings reports this week and from another key economic indicator, the Labor Department's monthly jobs survey on Friday. PepsiCo Inc. and Alcoa Inc. report results on Thursday.

The Dow Jones industrial average rose 193.45 points, or 1.8 percent, to close at 10,944.72, its highest close since May 3 and its biggest gain since Sept. 24. The Dow is still 2.3 percent below is 2010 high reached on April 26, and is up 5 percent for the year so far.

All but one of the 30

mark

companies that make up the average rose, led by Boeing Co. and Bank of America Corp. American Express Co. fell again, a day after the company said it would fight an antitrust lawsuit, even after Visa and MasterCard settled similar suits.

The Standard & Poor's 500 index rose 23.72, or 2.1 percent, to 1,160.75. The index broke through 1,150, a level it hadn't traded above since mid-May, and kept on going.