BUSINESS

Stocks end October on high

Every index up for the month

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NEW YORK — Stocks edged higher Friday to close out one of the stock market's best months of the year.

Trading activity was relatively light, with the Dow Jones industrial average keeping to a tight range of just 50 points, amid uncertainty over next week's elections. News that the U.S. economy rose at just a 2 percent annual pace in the three months ending in September had little effect on stock prices.

The Dow Jones industrial average rose 4.54, or 0.1 percent, to close at 11,118.49. The Standard and Poor's 500 Index fell 0.52, or 0.1 percent, to 1,183.26, while the technology focused Nasdaq composite index rose less than a point to 2,507.41.

Every market index was up more than 3 percent for the month. The Nasdaq finished October with a 5.9 percent gain.

Normally slow GDP growth would have driven stocks much lower. But signs of weak economic expansion have built up expectations that the Federal Reserve will take bold steps to boost the economy when it meets early next week.

"Because GDP was so lackluster, we don't see the Fed pumping the brakes" on its plan, said Tony Zabiegala, a partner at Strategic Wealth Partners.

Stocks rose sharply during the first half of October as expectations mounted that the Fed would start buying Treasury bonds to drive interest rates lower. That, in turn, is supposed to spark spending and lending. In recent days, however, the size of the bond-buying program has been questioned, putting a market rally on hold.

John Apruzzese, a partner and portfolio manager at Evercore Wealth Management, said reaction in anticipation in the program is typical of the market.

"This is a classic situation where all the market movement is done in anticipation," Apruzzese said.

The market could be stuck in a holding pattern until the Fed wraps up its meeting Wednesday where it is expected to announce details about the bond-buying program.

A day before the Fed completes its meeting, voters will head to the polls for the midterm elections. Traders have been betting that Republicans will at least take control of the House of Representatives, which could slow government action.

Analysts say uncertainty over tax issues and potential costs from health care and financial regulation reform bills have been major reasons employers have been hesitant to start hiring new workers. The results of the election should provide more clarity about those questions.

Bond prices rose slightly following the GDP report. The yield on the benchmark 10-year Treasury note fell to 2.62 percent from 2.66 percent late

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Thursday.

Another batch of earnings news came in mixed. Microsoft Corp. rose after reporting higher income while Merck & Co. and Chevron Corp. fell following disappointing results. Merck was hurt by disappointing revenue figures, while Chevron fell short of earnings forecast after charges tied to foreign exchange.

Alcoa Inc., which rose 3.9 percent in Friday's trading, was the Dow's top performing stock. Cheveron, which fell 1.8 percent, was the measure's laggard.

Two stocks rose for every one that fell on the New York Stock Exchange, where consolidated trading volume came to 3.7 billion shares.