BUSINESS

Stocks gain for a third week

Small-company index Russell 2000 leads way

By Bernard Condon
Associated Press

NEW YORK—Small was beautiful this week.

The Dow Jones industrial average closed above 15,000 for the first time Tuesday, then held above that milestone for the next three days. But an index of small-company stocks put the blue-chip gauge to shame this week. On Friday, the Russell 2000 closed the week up 2.2 percent, more than double the Dow's gain.

On Friday, the Dow, an index of 30 large-company stocks including global giants like IBM and Caterpillar, rose 35.87 points to close at 15,118.49 after flitting between gains and losses most of the day.

The Dow's meager gain of 0.2 percent was trumped by the 0.9 percent advance in the Russell 2000. The small-company index rose 8.90 points to 975.16. Both indexes, as well as the Standard & Poor's 500, closed at record highs. All three rose for a third straight week.

Dow stocks were held back by falling commodity prices. Exxon Mobil, Chevron and Alcoa — all Dow members whose fortunes are tied to the prices of crude oil and other basic materials — closed down 1 percent or more.

Stocks have benefited from record-high corporate profits. Nearly all companies in the S&P 500 have reported first-quarter earnings. The average net income for companies in the index is expected to rise 5 percent, according to S&P Capital IQ, a research firm.

"The talk at the end of April was (that) company earnings are slowing," said Gary Flam, who manages stock portfolios at Bel Air Investment Advisors. "But clearly that's not been the case in the first 10 days."

The Nasdaq composite index was up 27.41 points, or 0.8 percent, to close at 3,436.58.

Among stocks in the news:

» Priceline.com and chip maker Nvidia both rose about 4 percent after reporting higher earnings. Priceline jumped $27.91 to $765, and Nvidia was up 63 cents to $14.54.

» Clothing store chain Gap rose after reporting higher sales in April and predicting first-quarter earnings that were higher than financial analysts expected. Gap rose $2.18 to $40.99, or 5.6 percent.

» True Religion Apparel, known for high-priced jeans, rose $2.38, or 8 percent, to $31.82 after announcing it had agreed to a buyout offer of about $826 million from the investment management firm TowerBrook Capital Partners LP.

The price of oil finished slightly lower Friday, after dropping 3 percent earlier in the day.

Benchmark crude for June delivery slipped 35 cents to close at $96.04 a barrel on the New York Mercantile Exchange. It was as low as $93.37 in the morning.