BILLS	.01	30-YR T-BONDS 4.52%	+.	CRUDE OIL $70.16	+.71	EURO 1.4214	+.0066	GOLD

Stocks jump, Fed raises view of economy

By TIM PARADIS
Associated Press

NEW YORK — A more upbeat Federal Reserve is reassuring investors that they've been making the right bets.

Stocks bounded higher Wednesday after the central bank ended a two-day meeting by saying the economy appears to be "leveling out" rather than shrinking at a slower rate. The Fed's more positive take on the economy than it had in June wasn't surprising but it still bolstered hopes for a recovery.

Wednesday's advance reenergized the market's summer rally after it had stalled on Monday and Tuesday. Major market indexes jumped more than 1 percent, including the Dow Jones industrial average, which rose 120 points. Long-term Treasurys fell after the Fed said it would slow its purchases of government debt.

Financial and technology shares posted some of the strongest gains after a ratings upgrade and profit reports provided evidence of a rebound. The stock market's advance was itself adding to bank and insurance stock gains — its climb means their investment portfolios are surging in value.

Investors who sent stocks soaring the past four weeks on expectations for a recovery went into Wednesday hoping for a change in the Fed's language. Many investors were anticipating that the central bank's assessment might be moving closer to their own after the Labor Department said Friday that the nation's unemployment rate fell in July for the first time in 15 months.

The Fed's statement was particularly gratifying after traders suffered an attack of nerves Tuesday that slashed 1 percent from the major indexes. Concerns about the health of banks fed that drop, but the Fed's comments soothed those fears. The central bank also left interest rates unchanged, as expected.

"They did really endorse the fact that we're moving into recovery, not searching for the bottom," said Bruce McCain, chief investment strategist at Key Private Bank in Cleveland.

The Fed also said it would slow the pace of its program to buy $300 billion worth of Treasury securities so that it will close at the end of October, rather than September as planned. The central bank has bought $253 billion of the securities so far. The program is designed to reduce rates on mortgages and other consumer debt.