Market reaches 13-month high



RICHARD DREW / The Associated Press

Specialist Jason Hardzewicz, left, works with trader Bridgette Lombardi on the floor of the New York Stock Exchange.

Stocks jump as G-20 pledges aid

By Tim Paradis
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NEW YORK — The Dow Jones industrial average stormed to its highest level in more than a year Monday as a falling dollar boosted prices for commodities including gold and oil. Stocks also jumped as investors grew more confident that governments around the world will keep interest rates low to help the global economy.

Energy and materials stocks led the market higher. Major indexes rose 2 percent, including the Dow, which jumped 200 points for the second time in three days, to its highest level in 13 months.

News that the Group of 20 countries will keep their economic stimulus measures in place signaled to investors rates will remain low. With rates near zero, the G-20 news lessened demand for the dollar.

Investors see the dollar as weaker than other currencies, and so they're using it for what's known as "carry trade," to finance purchases of investments in other countries. That trend takes the dollar down further when those purchases are made.

But some analysts are questioning the markets' moves, and warn that stocks and other investments could suffer big losses if the dollar were to turn higher.

Still, many investors like a weaker dollar because it helps U.S. exporters by making their goods cheaper to overseas buyers and giving the companies a boost when they convert profits from abroad to dollars.

The ICE Futures U.S. dollar index, which measures the greenback against a basket of foreign currencies, fell to its lowest level in 15 months. The dollar rose last year and early this year but the index has been sliding for the past eight months since major stock indicators bounced off 12-year lows. Investors have also been following a pattern of funneling money into stocks when the dollar weakens and pulling it out when the currency rises.