BUSINESS

Stocks lifted by positive signs

Economic news drives gains to end week

By Steve Rothwell
Associated Press

NEW YORK — Encouraging news about the U.S. economy extended the stock market's rally Friday.

A gauge of future economic activity rose more than analysts had expected, as did a measure of consumer confidence, adding to evidence that the economy is steadily recovering.

Stocks closed higher for a fourth straight week. Indexes are at record levels after surging this year on optimism about the economy and record corporate earnings. The market is also being supported by ongoing stimulus from the Federal Reserve, which is keeping long-term borrowing costs at historically low levels.

"This slow but relatively steady growth, that keeps inflation in check and keeps interest rates low, is actually a pretty healthy environment for the stock market," said Liz Ann Sonders, chief investment strategist at Charles Schwab & Co. "Right now we are very optimistic."

General Motors rose $1.03, or 3.2 percent, to $33.42. The automaker's stock is trading above the $33 price of its November 2010 initial public offering for the first time in two years.

Northrop Grumman gained $3.17, or 3.2 percent, to $82.19 after the defense contractor said its board approved the repurchase of another $4 billion in stock, and that it plans to buy back a quarter of its outstanding shares by the end of 2015.

The Dow Jones industrial average rose 121.18 points, or 0.8 percent, to 15,354.40. The index gained 1.6 percent for the week and is up 17.2 percent for the year.

The Standard & Poor's 500 index climbed 15.65 points, or 1 percent, to 1,666.12. The gauge is up 2 percent this week and has gained 16.8 percent this year.

After some lackluster reports on the economy Thursday, including slowing manufacturing and an increase in applications for unemployment benefits, Friday's reports were a tonic for investors.

The Conference Board said its index of leading economic indicators rose 0.6 percent last month after a revised decline of 0.2 percent in March. The index is intended to predict how the economy will be doing in three to six months.

The University of Michigan's preliminary survey of consumer confidence climbed to 83.7. Economists had predicted that the gauge would climb to 76.8.

The strength of the rally in stocks has taken many by surprise, leaving investors waiting for a drop in prices to get into the market, said Jim Anderson, an investment specialist at JPMorgan.

The S&P 500 index hasn't fallen for two consecutive days for a month.