Dow gains for eighth straight day



RICHARD DREW / The Associated Press

Job seekers line up outside Madison Square Garden for a job fair in New York. Among the economic news Thursday, the government said the number of newly laid-off workers filing claims for jobless benefits dropped last week.

Stocks reverse early losses, climb higher

Dow industrials set high for 2009

By Sara Lepro
THE ASSOCIATED PRESS

NEW YORK — The stock market's rally plodded along Thursday, sustained by gains in financial and industrial shares.

Major indexes overcame early losses and finished slightly higher, including the Dow Jones industrial average, which added 37 points to set a fresh 2009 high. The Dow has risen for eight straight days, its longest winning streak since April 2007.

Trading lacked enthusiasm, however, as it has over the past week, with many investors shying away from making greater commitments to stocks.

Volume has been extremely light as many traders go on vacation, adding to the market's recent choppiness. The day's economic news, including a slightly smaller-than-expected dip in initial unemployment claims and a benign reading on gross domestic product, did little to excite investors.

Analysts say the market has been running on its own momentum more than anything else, adding that a lot of the improving economic data has already been priced into stocks.

A lot of activity has also been driven by short-covering, analysts say, which tends to amplify gains in the market. Short-covering occurs when investors have to buy stock after having earlier sold borrowed shares in a bet they would fall.

Traders have been anticipating a pullback for weeks, but the dips that have occurred tend to be met with more buying.

"There is just too much cash sitting on the sidelines," said Phil Orlando, chief equity market strategist at Federated Investors.

After giving up as much as 84 points early

See MARKET on page 2B

MARKET

FROM PAGE 1B

on, the Dow rose 37.11, or 0.4 percent, to close at 9,580.63. The Dow's eight-day advance totals 445 points, or 4.9 percent.

The Standard & Poor's 500 index rose 2.86, or 0.3 percent, to 1,030.98, while the Nasdaq composite index rose 3.30, or 0.2 percent, to 2,027.73.

Both the S&P 500 and the Nasdaq composite indexes have finished higher seven out of the past eight days, rising about 5 percent over that period.

About eight stocks rose for every seven that fell on the New York Stock Exchange, where consolidated volume came to 5.82 billion shares, compared with 5.10 billion shares on Wednesday.

Despite the run-up in stocks, investors are nervous about overextending the market's massive spring and summer rally, in which stocks have risen more than 45 percent off of 12-year lows since early March.

"You tend to have those moves run out of steam at some time," said Art Hogan, chief market analyst at Jefferies & Co.

Big gains in a handful of financial stocks helped to turn the market around. Shares of American International Group Inc. surged nearly 27 percent, rising $10.15 to $47.84, as analysts speculated the company might be reconciling with former CEO Maurice "Hank" Greenberg, who could help bring private capital to the company. AIG shares have more than doubled in eight days.

CIT Group Inc. jumped 22.8 percent, adding 29 cents to $1.56. Citigroup Inc. rose 42 cents, or 9.1 percent, to $5.05.

Shares of Boeing Co. rose, giving a boost to the Dow, after the company said its long-delayed 787 aircraft will be ready for its first flight by the end of this year. Shares jumped $4, or 8.4 percent, to $51.82.

Energy stocks, which had weighed on the market early in the day, pulled off of their lows as oil prices turned higher. Like stocks, oil prices have been extremely volatile in recent weeks as investors try to determine whether current prices are warranted given still weak demand.

Crude for October delivery added $1.06 to settle at $72.49 a barrel on the New York Mercantile Exchange.

Among the economic news Thursday, the Labor Department said first-time jobless claims fell 10,000 last week to 570,000, just shy of economists' expectations.

Workers continuing to file for benefits, however, fell more than expected, declining to 6.13 million from 6.25 million in the previous week. It was the lowest level for continuing claims since early April.

Meanwhile, a Commerce Department repo showed the econom shrank at a 1 percent a nualized rate in the secon quarter. The updated fi ure was unchanged from preliminary reading c GDP, and slightly bett than the 1.5 percent declin that was forecast.

Bond prices were most lower even after a stron auction of seven-ye notes. The yield on the 1 year note rose to 3.46 pe cent from 3.44 percent.

The dollar was mixe while gold prices inche higher.

In other trading, the Ru sell 2000 index of small companies slipped 0.25, 0.04 percent, to 583.77.

Asian stocks fell aft China said it would cut i vestment in some indu tries. Japan's Nikkei stoc average lost 1.6 percen while China's main inde fell 0.7 percent.

Britain's FTSE 100 fe 0.4 percent, Germany DAX index fell 0.9 percen and France's CAC-40 lo 0.5 percent.