Stocks slow, steady in Jan., but best start in 15 years

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The Associated Press

NEW YORK — It's the best start for stocks in 15 years.

In what was mostly a slow and steady climb, the Dow Jones industrial average rose 3.4 percent in January and the Standard & Poor's 500 gained 4.4 percent, the best performances for both indexes to open a year since 1997.

Investors were encouraged by modest but welcome improvement in the U.S. economy, including an 8.5 percent unemployment rate, the lowest in almost three years.

Corporate profits didn't wow anyone — except Apple's — but they were good enough.

"I don't see anything really glamorous or tremendous about the economy or earnings," said Jerry Harris, chief investment strategist at the brokerage Sterne Agee. "But I think they're very acceptable, and things are grinding along."

An unexpected drop in consumer confidence dragged stocks down on the final day of the month. The Dow Jones industrial average finished down 20.81 points, or 0.2 percent, at 12,632.91.

The broader market fared better.

The S&P barely finished in the red, declining 0.60 point to 1,312.41. The Nasdaq composite index rose 1.90 points to close at 2,813.84. The Nasdaq gained 8 percent for the month, its best January since 2001.

In January 1997, the last time stocks had such a fast start, the S&P gained 6.1 percent. An Asian financial crisis and "Titanic" lay ahead. Later that year, the Dow crossed 7,000 and 8,000 for the first time.

This January, analysts said, investors had such low expectations for the economy that it was easy for things to turn out better than expected.

The Dow closed at 12,217.56 at the end of last year, then started this year with a pop — a gain of 179.82 points on opening day. It was the kind of big swing investors became accustomed to in 2011.

Since then, it's been a quiet ascent: 19 days in a row of moves of less than 100 points.

The last time the Dow had such a placid stretch was a 34-day run that started Dec. 3, 2010.

Scottrade, the online brokerage, said stock buyers outpaced sellers among its clients for the first 14 trading days of the year, Jan. 3 to Jan. 23. It also said volume was 16 percent higher than December's average.

On Tuesday, the Dow started up 66 points after signs from Europe that Greece might complete a deal to cut its debt, a step toward securing a bailout payment.