Markets rebound



Gregg Maloney of Barclays Capital works on the floor of the New York Stock Exchange on Wednesday. The Dow surged 275.56 points. HENNY RAY ABRAMS/AP

Stocks surge after fears in Europe ebb

German court backs bailout plan; business conditions improve in U.S.

By David K. Randall
The Associated Press

NEW YORK — A broad rally broke a three-day losing streak in the stock market Wednesday as fears about Europe's debt crisis eased.

Stocks rose sharply after a German court backed the country's role in bailing out other European nations. The Dow Jones industrial average jumped 200 points in the first hour of trading and continued to climb throughout the day, ending up 275 points.

The afternoon gains came after Italy's Senate approved a deficit-cutting package and the Federal Reserve reported that U.S. business conditions are improving.

Traders were also speculating that President Barack Obama would announce a $300 billion jobs package made up of tax cuts, state aid and infrastructure spending in an address to Congress on Thursday night.

The Dow and other U.S. indexes fell over the previous three days on worries over weakness in the U.S. job market and concerns that Europe's debt woes could lead to a global economic recession.

"The market has been pricing in an out-and-out recession, so any hints that policy issues might be solved is a plus," said Brian Gendreau, market strategist at Cetera Financial Group

The Dow surged 275.56 points, or 2.5 percent, to close at 11,414.86. All 30 stocks in the Dow average rose.

The Standard and Poor's 500 index jumped 33.38, or 2.9 percent, to 1,198.62. All 10 company groups that make up the S&P index rose. The Nasdaq composite shot up 75.11, or 3 percent, to 2,548.94.

The German court ruling also pushed the prices of Treasury securities lower as investors were more willing to hold risky assets like stocks. Treasury prices have been rising over the past week, sending their yields lower, as demand for lower-risk investments increased.

The yield on the 10-year Treasury note rose to 2.05 percent. Its price fell 50 cents per $100 invested.