

# Stocks surge on relief over

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Associated Press

NEW YORK — Stocks soared Friday as Wall Street cheered the positive news it had been hoping for: Job losses slowed in April and big banks don't need as much capital as some had feared.

All the major indicators rose more than 1 percent, including the Dow Jones industrial average, which jumped 165 points.

Bank shares helped drive the gains following the release of results from the government's "stress tests" late Thursday. Energy stocks surged as oil prices jumped on the improving economic outlook.

Wall Street welcomed the Labor Department's report that

employers cut 539,000 jobs last month — the fewest in six months and much less than the 620,000 analysts had expected.

The jobs report also said the unemployment rate climbed to 8.9 percent — the highest since 1983 — from 8.5 percent as many businesses refrained from hiring amid an uncertain economic outlook.

"The news is never all good when you've hit bottom," said Alan Skrainka, chief market strategist at Edward Jones. "But that doesn't change our view that the rate of decline is slowing."

The Dow rose 164.80, or 2 percent, to 8,574.65. The Standard & Poor's 500 index rose 21.84, or 2.4 percent, to 929.23, and the Nasdaq com-

posite index rose 22.76, or 1.3 percent, to 1,739.00.

For the week, the Dow is up 4.4 percent for the week and down only 2.3 percent for 2009. It was the eighth gain for the index in 9 weeks. The S&P 500 index is up 5.9 percent, while the Nasdaq composite index is up 1.2 percent.

The market has been surging since the Dow and the S&P 500 index hit 12-year lows on March 9. The S&P 500 index is up 37.4 percent, while the Dow is up 31 percent as worries about bank failures ease and following better-than-expected economic data on housing, manufacturing and other key parts of the economy.

Investors also were relieved that the results of the government's "stress tests" of the 19

largest U.S. banks were not worse than anticipated. Ten of them will need to raise about \$75 billion in new capital as a buffer against losses if the economy worsens.

"Getting past the stress tests was a milestone," said Jim Dunigan, managing executive of investments for PNC Wealth Management. "That was a cloud hanging over our head for the past several months. The good news is there were no surprises."

Shares of banks surged, even of those which have to raise more money. Citigroup Inc. rose 21 cents, or 5.5 percent, to \$4.02, and Bank of America Corp. rose 66 cents, or 4.9 percent, to \$14.17. Regional bank Fifth Third Bancorp soared \$3.14, or

## unemployment, banks

59 percent, to \$8.49.

The stress tests found that BofA needs the most capital of its peers: \$33.9 billion. The bank plans to raise about \$17 billion in capital in the coming weeks, and plans an additional \$10 billion in asset sales.

"If anything, the market is reading this more as a sign of approval than a bad sign for the weaker banks," said Jim Sinegal, equity analyst at Morningstar.

Investors also got some encouraging words from the president of the Federal Reserve Bank of Richmond, Jeffrey Lacker, who said in a speech before the Washington D.C. Chamber of Commerce that the economy should bottom out later this year and begin

expanding again.

Even the battered labor market has been showing signs of moderation. On Thursday, the government said new applications for unemployment benefits fell unexpectedly last week to the lowest level in 14 weeks.

Though analysts believe many challenges remain, the market has demonstrated an ability to maintain its gains, putting in its best two-month performance in nearly 35 years.

"Every economic report, every earnings release is going to continue to paint a picture of an economy that is on the mend and that is going to form the foundation for this rally, which I think is sustainable," said Jack Ablin, chief investment officer at Harris Private Bank.