

Fears calming

Stocks up as EU debt crises ease



Trader Christopher Forbes works at the New York Stock Exchange. Stocks surged Friday as Italy and Greece made more progress on their debt crises. RICHARD DREW/AP

By Matthew Craft
The Associated Press

NEW YORK — Stocks surged Friday, erasing their losses for the week, after Italy and Greece moved closer to getting their financial crises under control. The Dow Jones industrial average jumped back above 12,000. Italy's benchmark stock index leapt 3.7 percent and its borrowing costs plunged after the country's Senate passed a crucial austerity budget demanded by the European Union. Other European stock markets and the euro also pushed higher as investors became more confident that Italy would avoid a fiscal disaster.

The passage clears the way for Italian Pre-

mier Silvio Berlusconi to step down. He was widely considered an obstacle to serious economic reforms. The yield on Italy's benchmark two-year bond dropped 0.43 percentage point to 5.69 percent. That's a sign bond investors think Italy will succeed in managing its massive debt load.

The Dow Jones industrial average jumped 259.89 points to 12,153.68. It closed below 12,000 the previous two days. Friday's rally pushed the Dow up 1.4 percent for the week.

Together with a 112-point gain the day before, the Dow has now made up most of the 389-point plunge it took Wednesday. That sell-off was triggered by a spike in Italy's borrowing costs and a breakdown in talks to

name a new prime minister in Greece.

In Greece, too, there was good news for the markets Friday. Lucas Papademos, a former central banker, was sworn in as interim prime minister. He took over a coalition government after a two-week political crisis that jeopardized the country's ability to continue receiving emergency loans.

The S&P 500 rose 24.16 points to 1,263.85. Only 13 of the 500 stocks in the S&P fell. Technology and materials companies had the biggest gains. The S&P 500 gained 0.8 percent for the week. The Nasdaq composite rose 53.60 points to 2,678.75. The index edged down 0.3 percent for the week.