

BUSINESS

Takeovers, Europe help boost markets



Specialist James Denaro, right, and other traders work Monday at the New York Stock Exchange. The Nasdaq composite turned positive for the year. RICHARD DREW/WAP

Stocks rally, reach their highest level since August

By Stan Choe

The Associated Press

NEW YORK—Stock indexes closed Monday at the highest point since the U.S. debt limit showdown in August.

The market was driven higher by a round of big corporate takeovers and reports that Europe's bailout fund will be larger than originally thought.

The Nasdaq composite turned positive for the year.

Netflix Inc. plunged 22 percent in after-hours trading after the DVD-by-mail and video streaming company forecast a sharp drop in fourth-quarter profits.

Investors are still waiting for a resolution to Europe's debt problems.

European leaders said they made progress at a weekend summit and plan to unveil concrete plans for containing the

crisis by Wednesday.

The Dow was up about 40 points in the first hour of trading but moved steadily higher through midday following reports that Europe's takeover fund will be greatly expanded.

It finished with a gain of 104.83 points, or 0.9 percent, at 11,913.62.

"The market is expecting that there will be some kind of deal worked out Wednesday," when European financial ministers are scheduled to meet, said Uri Landesman, president of Platinum Partners. "If there's not a deal by then, the market is going down significantly."

Even with concerns about Europe, U.S. companies are still reporting bigger profits.

"Although there is a good deal of economic and political uncertainty in the world, we are not seeing it much in our

business at this point," Caterpillar Chief Executive Doug Oberhelman said.

The maker of construction equipment reported a 44 percent surge in income, more than Wall Street analysts were expecting, thanks to strong growth in exports.

The company said it expected the global economy to continue recovering, albeit slowly. Caterpillar jumped 5 percent, the most of the 30 companies in the Dow.

The Standard & Poor's 500 index rose to 1,254.19. That is just 3.45 points, or 0.3 percent, below where it started the year. It's the highest close for the S&P 500 since Aug. 3, just as Washington was resolving a showdown over raising the country's borrowing limit.

The Nasdaq composite rose 61.98, or 2.3 percent, to 2,699.44.