

RICHARD DREW / The Associated Press

Trader Richard Cohen works onthe floor of the New York Stock Exchange.

Weaker dollar, stronger China cheer investors

By Tim Paradis
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NEW YORK — Another weak day for the dollar and upbeat economic news from China gave investors more reason to keep buying stocks.

A drop in the dollar lifted gold and oil prices after Federal Reserve officials signaled borrowing rates would remain low. The market bounded higher in early trading but came off its highest levels as the dollar pulled off of a 15-month low.

Investors drew encouragement from a 16.1 percent jump in industrial production in China. That fanned expectations that a broader global recovery is gaining steam.

The Dow Jones industrial average rose 44 points in light trading after being up as much as 95 points and hitting a 13-month high. The Dow posted its sixth straight gain.

Trading was light because of the Veterans Day holiday, but volume has been weak for most of the month.

The early drop in the dollar came after several Fed officials said late Tuesday that the economic recovery is likely to be weak. Investors took that as another sign that policymakers will hold interest rates low to help resuscitate growth. The central bank indicated after a policy meeting last week that it wouldn't raise rates until the economy was on firm footing.

Record-low interest rates and the resulting slide in the dollar have been major forces behind the surge in stocks since the summer. The borrowing costs of near zero are a boon for financial companies, and the weaker dollar helps make U.S. exports cheaper to overseas buyers.

Analysts said the direction of the dollar likely will continue to dictate trading.

"I don't see anything that's changing out there that's going to stop out dollar from getting weaker," said Ralph Fogel, co-chief investment officer at Fogel Neale Partners in New York.

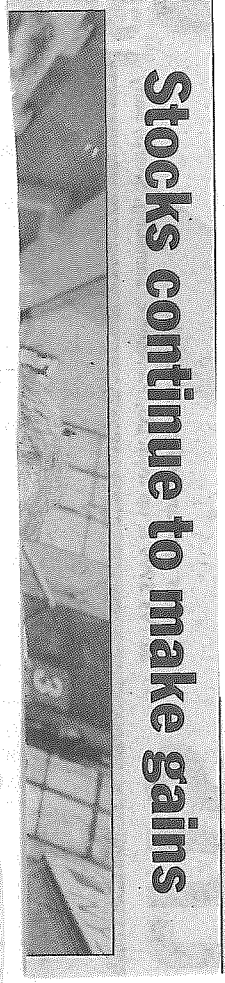
According to preliminary calculations, the Dow rose 44.29, or 0.4 percent, to 10,291.26. The Dow rose as high as 10,341.97, its best level since Oct. 3, 2008.

The Dow's advance was significant for traders who track stock charts. The index briefly topped 10,334, the level that marked the halfway point in its recovery since tumbling to a 12-year low of 6,574 on March 9.

The broader Standard & Poor's 500 index rose 5.50, or 0.5 percent, to 1,098.51 and topped 1,100 for the first time since last year. It hit a 13-month high of 1,105.37 — also its best level since Oct. 3 last year.

The Nasdaq composite index rose 15.82, or 0.7 percent, to 2,166.90.

The Russell 2000 index of smaller companies rose 5.78, or 1 percent, to 592.71.



Stocks continue to make gains