BUSINESS

World markets surge after Europe develops rescue plan

Banks, struggling nations to get help in deal

By Daniel Wagner
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Financial markets around the world stormed higher Friday after European leaders came up with a breakthrough plan to rescue banks, relieve debt-burdened governments and restore investor confidence.

The Dow Jones industrial average climbed 277 points, its second-biggest gain this year, and stocks advanced even further in Europe, in strong and weak countries alike.

The price of oil posted its biggest one-day increase in more than three years, and other commodities shot higher — signs of hope that a deal in Europe will remove a big barrier to a healthier world economy.

In Brussels, leaders of the 17 countries that use the euro appeared finally to have found a broad strategy to fight a debt crisis that has hounded European governments and world investors for three years.

The leaders agreed to pump money directly into stricken banks, let some countries tap into rescue money without submitting to stringent budget requirements and, later, tie European governments closer in economic union.

Previous market rallies tied to progress in Europe have proved temporary. But for the day, at least, global stock markets were jubilant:

» For the day, the Dow closed up 277.83 points, or 2.2 percent, at 12,880.09. The S&P 500 rose 33.12, or 2.5 percent, to 1,362.16. The Nasdaq rose 85.56, or 3 percent, to 2,935.05.

» The benchmark stock index in Germany rose 4.3 percent, by far its best performance this year. Germany has the strongest economy in Europe, and it depends heavily on exports, so it needs other countries to stay healthy.

» Stocks hit their highest level in two months in Italy and Spain.