

Business

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Stocks rise on manufacturing data

By Joshua Freed
Associated Press

U.S. stocks had a big January, and they're starting February strong, too.

Stocks climbed Wednesday after strong manufacturing data and encouraging reports about the Greek debt crisis. The Dow Jones industrial average closed within 100 points of its post-2008 financial crisis peak.

Factories raised output in January by the most in seven months, according to the Institute for Supply Management's manufacturing index. And the Commerce Department said construction spending rose 1.5 percent in December, the fifth straight monthly gain.

"This is a market that is hungry for good news, and when it gets it, it responds very positively," said Alan Gayle, senior investment strategist for RidgeWorth Investments.

The Dow Jones industrial average rose 83.55 points, or 0.7 percent, to close at 12,716.46. Earlier in the day, the Dow was up 151 points. But it moved less than 100 points for the day for the 20th consecutive trading session.

The Dow's highest close since 2008 is 12,810, in April 2011.

The broader Standard & Poor's 500 index rose 11.68 points, or 0.9 percent, to close at 1,324.09. All 10 categories in the S&P 500 rose. The biggest gainer was financial stocks, up 1.6 percent.

The Nasdaq rose 34.43 points, or 1.2 percent, to 2,848.27.

On Tuesday, stocks wrapped up their best January in 15 years. The Dow gained 4.1 percent. Investors are less worried about the European debt crisis, and earnings at American companies are generally meeting expectations.

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"It doesn't take good news" to make stock prices rise, said Randy Warren, chief investment officer for Warren Financial Service. "It just takes an absence of bad news."

For U.S. and European companies, the price-to-earnings ratio, one measure of how expensive stocks are compared with profits, had been at low levels that assumed the worst about Europe.

"These are Depression-era valuations, and something has to give," Warren said.

Plenty can still go wrong. Greece faces a euro14.5 billion bond payment March 20 that it can't pay without additional help. Greece and the International Monetary Fund said Wednesday that negotiations to reduce Greece's debt should wrap up within days, raising hopes that it can avoid a default.

In the United States, monthly hiring figures from private payroll agency ADP were so-so. ADP said private-sector employment rose by 170,000 in January from the previous month. That was 10,000 fewer jobs than expected by analysts surveyed by FactSet.

ADP also said December job growth was smaller than it previously reported , 292,000 instead 325,000. The government releases its report on January job creation Friday.

Investors also looked past a cautious outlook from temporary employee provider ManpowerGroup. Its stock jumped 14 percent after fourth-quarter profits came in much higher than expected.

But the company said that while hiring may increase this spring, the European debt crisis could slow job creation. It predicted lower profits in the current quarter than Wall Street had expected.

In other corporate news:

, Amazon.com fell 7.7 percent after its quarterly net income fell and revenue growth was slower than Wall Street had expected.

, Whirlpool rose 13.5 percent after higher appliance prices raised its quarterly profit, and it said it expects shipments to increase as much as 3 percent in North America this year.

, Health insurer Aetna rose 3.1 percent after reporting a 73 percent jump in fourth-quarter profit on smaller expenses and lower usage of health care.

, Carmakers reported strong U.S. auto sales for January, with gains at all the big companies except General Motors. Privately held Chrysler's U.S. sales surged 44 percent, and it reported its first annual profit since 1997.

In Europe, British stocks rose 1.9 percent, German stocks 2.4 percent and French stocks 2.1 percent. Earlier in Asia, stocks didn't have the same momentum. Tokyo's Nikkei 225 edged up less than 0.1 percent, and Hong Kong's Hang Seng fell 0.3 percent.

The yield on 10-year U.S. Treasury notes rose 0.029 percentage points to 1.832. The euro rose slightly to almost 1.32 against the dollar.

Oil prices fell after reports that U.S. crude supplies rose last week and energy demand remains weak. West Texas Intermediate crude fell 87 cents to end at \$97.61 a barrel in New York. Brent crude rose by 58 cents to finish at \$111.56 a barrel in London.

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