

WSJ(10/26) Monday's Markets: Dow Hits A Nearly Six-Month High

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By Kristina Peterson

The Dow Jones Industrial Average hit its highest level in nearly six months as a weak dollar boosted materials companies and hopes for further central-bank stimulus kept the market edging higher.

The Dow closed up 31.49 points, or 0.3%, to 11164.05, its highest close since April 29. Entering the month's final week, the Dow is up 3.5% for October, buoyed by hopes that the Federal Reserve will take further steps to stimulate the economy.

"That's what's driving the dollar down," said Scott Armiger, portfolio manager of Christiana Bank & Trust. While that is helping stocks, he said he is worried about the longer-term effects of the Fed's expected resumption of bond purchasing. "It's a pain reliever; it will wear off or we'll run out of pain relievers and then we'll be left with a huge deficit."

Stocks benefited from a weaker dollar after global finance ministers pledged over the weekend to avoid devaluing currencies. Materials and industrials led the Dow, as the weak dollar boosted companies with more exports. DuPont gained 87 cents, or 1.9%, to \$47.70, while Alcoa rose 16 cents, or 1.3%, to 12.88. Caterpillar added 72 cents, or 0.9%, to 79.05.

However, financial companies lagged behind amid questions regarding banks' foreclosure practices. Bank of America slid 28 cents, or 2.5%, to 11.16. J.P. Morgan Chase shed 63 cents, or 1.7%, to 37.07.

The Nasdaq Composite closed up 11.46 points, or 0.5% to 2490.85. The Standard & Poor's 500-share index rose 2.54 points, or 0.2% to 1185.62. Both indexes closed at their highest levels since May 3.

In a bright note for the U.S. housing market, existing-home sales rose by more than economists had expected in September.

In a sign of investors' conviction the Fed will buy more bonds, the government sold five-year Treasury inflation-protected securities Monday at a negative yield for the first time ever. Further quantitative easing is expected to stoke inflation, making the TIPS' expected return positive over five years.

Among stocks in focus, Office Depot jumped 16 cents, or 3.5%, to 4.79, after the office-supply retailer announced that Chairman and Chief Executive Steve Odland will resign in one week. The company also said it will report a surprise third-quarter profit Wednesday.

Citigroup rose 10 cents, or 2.4%, to 4.21, after Goldman Sachs added Citigroup shares to its "conviction buy" list. Goldman analysts noted that Citigroup's exposure to private-label mortgage-backed securities is "small relative to peers."

CommScope, which makes telecommunications-infrastructure equipment, surged 7.04, or 30%, to 30.16, after the company confirmed that it was in talks that could lead private-equity firm Carlyle Group to buy it for \$31.50 a share.

Among companies reporting earnings, Boyd Gaming added 39 cents, or 4.9%, to 8.38, after the gambling firm said it won't exercise its right to match the offer MGM Resorts International received for its 50% stake in the Borgata resort in Atlantic City, N.J. The company's third-quarter profit fell 11%.

World Stocks Mostly Up

Singapore Exchange's multibillion-dollar takeover bid for ASX spurred a wave of merger interest and lifted shares of most of Asia's stock exchanges, though the shares of the Singapore bourse tumbled.

Japanese stocks retreated, with exporters losing ground as the yen set a 15-year high against the dollar.

China's Shanghai Composite rose 2.6%, to 3051.42, Australia's S&P/ASX 200 advanced 1.3%, to 4709.99, and South Korea's Kospi rose 1%, to a 52-week high of 1915.71. Taiwan's Taixex rose 1.7%, to 8306.98, and Indonesia's JSX Composite climbed 1.3%, to 3643.49. The Nikkei Stock Average of 225 companies fell 0.3%, to 9401.16.

In Europe, stocks closed mostly higher as the resources sector gained after the dollar fell against major currencies.

The pan-European Stoxx 600 Index closed up 0.3%, at 267.42. The U.K.'s FTSE 100 rose 0.2%, to 5751.98, France's CAC-40 was little changed at 3870, and Germany's DAX gained 0.5%, to 6639.21.