

CLM Latest on Stocks

HD **U.S. Stocks Rally to Record Close After ECB's Interest-Rate Moves**

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U.S. stocks rallied to fresh records on Thursday after the European Central Bank cut interest rates and announced additional stimulus efforts.

The Dow Jones Industrial Average notched its seventh record close of 2014, adding 98.58 points, or 0.6%, to 16836.11.

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The S&P 500 also hit a new high, gaining 12.58 points, or 0.7%, to 1940.46. All 10 of the S&P 500's sectors advanced, led by gains industrial stocks. The Nasdaq Composite Index climbed 44.58 points, or 1%, to 4296.23.

The Russell 2000 Index of small stocks jumped 2% to close at its highest level in more than two months.

Shares rallied on both sides of the Atlantic after the ECB announced new actions to help prevent falling prices from undermining the euro zone's recovery. It cut its main lending rate and introduced a so-called negative deposit rate, in effect charging banks to park cash with the central bank to encourage investors to seek higher returns elsewhere.

Additionally, the ECB said it was prepared to take other unconventional measures in the future.

The ECB's moves follow a series of stimulative policy steps from the Federal Reserve and Bank of Japan, which have diminished the payout from government **bonds** and helped fuel demand for stocks in recent years.

"What we saw today is another big central bank deciding they are going to have to get the same playbook" as the U.S. and Japan, said John Forlines III, chief investment officer at New York-based JAFornlines Global Investment Management, which directly manages about \$500 **million**.

In a market environment helped by accommodative central-bank policies, "the grinding path" for "risk assets is up," he said.

European stocks marked broad gains, as the Stoxx Europe 600 gained 0.4% to close at a 6 1/2-year high. For weeks, U.S. investors have fixed their attention on the ECB meeting as a likely driver for price swings. Many said that U.S. stocks were vulnerable to an underwhelming response from the central bank.

"They delivered," said Chris Diaz, portfolio manager and global head of rates at Janus Capital Group, which oversees about \$174 **billion**. "I was worried about it: the institution has a history of under-delivering when it comes to market expectations."

ECB policy changes came ahead of Friday's closely watched reading on the U.S. labor market. Economists expect that nonfarm payrolls will increase 210,000 in May. The unemployment rate is expected to edge up to 6.4% from 6.3% in April.

On Thursday, initial claims for jobless benefits increased by 8,000 to 312,000 in the latest week, roughly in line with expectations of 310,000. A separate report on Wednesday showed private-sector payrolls in the U.S. increased less than expected.

Mr. Forlines said that this week's jobs data might have less impact than in other months because the Fed has made clear that it plans to keep interest rates low even as it unwinds its monthly asset-**purchase** program this year. It would take a significant deviation to change market expectations, he said.

"The U.S. **equity** market, particularly the large-cap portion of it, looks very sturdy," he said. "If you're looking for a catalyst down the road to crash it, there's not too much out there."

The yield on the 10-year Treasury note ticked lower to 2.584% from 2.604% late Wednesday. The euro briefly plunged to a four-month low versus the dollar before reversing course and turning higher.

Gold futures rose 0.7% to settle at \$1,253.00 a troy ounce, while crude **oil** futures eased 0.2% to settle at \$102.48 a barrel.

Asian markets ended mostly higher. **China's** Shanghai Composite rallied 0.8% to snap a four-session losing streak, while Japan's Nikkei Stock Average gained 0.1% to the highest close in nearly three months.

Joy Global rose 6.7%, leading gains on the S&P 500, after the **mining**-equipment maker's quarterly profit topped expectations.

Ciena climbed 18% after the telecom-equipment operator reported better-than-expected fiscal second-quarter adjusted earnings and revenue and provided a revenue outlook for the current quarter that was above analyst projections.

J.M. Smucker rose 1.4% after the **company** said that its quarterly profit fell 9% as lower coffee prices weighed on sales, though the **company's** per-share earnings beat expectations.

Shares of General Motors fell 0.7% after the auto maker discussed on Thursday the internal probe of its defective ignition switches, and revealed that 15 employees had been fired.

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