

Best Week in a Year for Dow, Up 5.3%

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By Donna Kardos Yesalavich

Stocks climbed Friday, capping their best week in nearly 12 months, as optimism about second-quarter corporate profits powered a rebound from the market's worst levels this year.

The Dow Jones Industrial Average climbed 511.55 points, or 5.3%, for the week, its strongest performance since the week ended July 17, 2009. The gains came after a bruising end to the second quarter, with the Dow falling 10% and the Standard & Poor's 500-stock index sliding 12% as concerns about the possibility of a slowdown in U.S. growth accelerated.

The bounceback has largely come in the absence of fresh upbeat economic or corporate news and represents more a tempering of some of the pessimism that marked the end of the quarter. A lack of negative news out of Europe—along with more details about the stress tests of European banks—also buoyed stocks.

Alcoa was the Dow's best performer of the week, gaining 9.4% ahead of its second-quarter earnings report Monday, which marks the official start of the reporting season. Other stocks closely tied to the global growth cycle also fared well, with Caterpillar up 9.3% for the week.

Second-quarter profits are expected to increase 27% from a year ago, according to Thomson Reuters. The S&P 500 is expected to post 9% revenue growth year-on-year, after a 11.2% increase in the first quarter.

"My hope is the earnings will improve the psyche of the individual investor," said Roy Williams, chief executive of Prestige Wealth Management. "We do face challenges, and we're going to have a lot of volatility, but ... the economy is continuing to grow."

The Dow closed up 59.04 points, or 0.6%, to 10198.03. The S&P 500 added 7.71 points or 0.7% to close at 1077.96. The index also gained over 5% for the week, its strongest performance in nearly a year with all of its sectors in the black.

The Nasdaq Composite added 21.05, or 0.97%, to 2196.45, bolstered by a 2.4% jump in Google after the Chinese government renewed a license it needed to continue using its Chinese Web address.

There are signs however, of a lack of conviction in the rally with continued concerns about whether companies can grow revenue as well as profits and drive.

New York Stock Exchange Composite volume Friday was the lowest of the year, while volume for the week was lower than average. Turnover on days of large declines in the market tends to be accompanied by much higher volume.

Write to Donna Kardos Yesalavich at donna.yesalavich@dowjones.com

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