Stocks nudge higher as manufacturing improves

STEPHEN BERNARD - AP Business Writer - Associated Press

U.S. stocks started off October on a positive note following mostly good news on the economy.

Shares of big manufacturing companies like Boeing Co., General Electric Co. and 3M Co. rose Friday after the Institute for Supply Management said its manufacturing index showed that factory activity was still expanding in September, although not quite as fast as analysts had hoped and slightly slower than the month before.

Stock indexes started the day higher but gave up some of their gains late in the day. The market is coming off a major surge that brought the Dow Jones industrial average up 10.4 percent in the third quarter.

"Expectations have risen slightly" for the economy in the past month, said Eric Thorne, an investment adviser at Bryn Mawr Trust Wealth Management. "While that's a good thing, it also means that data needs to show significant signs of improvement to drive stocks higher."

Stocks jumped after the opening bell on signs of strong growth in Chinese manufacturing. Traders were sorting through other reports suggesting that U.S. economic growth remains sluggish.

Personal income and spending both rose more than expected in August, with incomes jumping by their fastest pace in eight months. However the savings rate also climbed, an indication that spending might not climb much in the near future. Consumer sentiment was better than initially thought in September, but still not quite as strong as it was in August.

Taken together, the batch of U.S. economic reports point to "very slow growth," said Bob Enck, president and CEO of Equinox Fund Management. "It tells us there's still uncertainty."

The Dow Jones industrial average rose 41.63, or 0.4 percent, to close at 10,829.68.

The Standard & Poor's 500 index rose 5.04, or 0.4 percent, to 1,146.24.

The S&P 500 again touched the 1,150 level in early trading Friday, but was unable to hold above that threshold as it remains somewhat range bound. It was the sixth straight day the S&P came within or breached 1,150, a level it has not closed above since early May.

The Nasdaq composite rose 2.13, or 0.1 percent, to 2,370.75.

About two stocks rose for every one that fell on the New York Stock Exchange,

where volume came to 1.1 billion shares.

In corporate news, Hewlett-Packard Co. dropped after the computer company named Leo Apotheker, the former head of business software maker SAP AG, its new CEO. Shares fell $1.30, or 3.1 percent, to $40.77.

United and Continental closed a deal to create the world's biggest airline Friday. Shares of the newly combined company, United Continental Holdings Inc., jumped $1.04, or 4.4 percent, to $24.70.

Boeing shares rose 29 cents to $66.83. GE climbed 11 cents to $16.36, while 3M rose 91 cents o $87.62.

Bond prices and interest rates were little changed. The yield on the 10-year Treasury note, which is a benchmark for interest rates on mortgages and other loans, was flat at 2.51 percent.

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