

# USA TODAY

## Dow, Nasdaq move back into black for the year

By Matt Krantz, USA TODAY

10/16/2011

There are no money-back guarantees when it comes to the stock market. But so far this year, just having what you started with is a good thing.

With less than three months left in 2011, two of the three major U.S. stock indexes have just barely pushed back into the black for the year: Following a strong rally Friday, the Dow Jones industrial average and Nasdaq composite index are each up 0.6% for 2011.

Such a scant gain might seem a dubious accomplishment, but it's welcome relief for weary investors who at the beginning of October were standing at the edge of a bear market.

"The moves are remarkable," says Charles Carlson of Horizon Investment Services. Over the past two weeks, the Dow has soared roughly 1,000 points to its 11,644 close Friday. "I'm skeptical, but it's still impressive," he says.

Stock investors have plenty of reasons to be skeptical, including:

- The Standard & Poor's 500 index has been left behind.** The broad market benchmark, which is widely invested upon, is still down 2.6% for 2011.

The S&P 500 is anchored by its heavier weighing into financial stocks, which have been serious laggards this year. Meanwhile, the Dow is benefiting from the heavy influence of [IBM](#), which is up nearly 30% this year.

- The Dow's break-even point has already failed this year.** It was less than two months ago, on Aug. 31, that the Dow was up for the year. That lasted one day. Shortly afterward, the market took a serious leg down on rising fears of the debt crisis in Europe.

- Small companies' stocks continue to trail.** Investors like to see strong performance from small companies' stocks to confirm a rally is for real, says Ken Winans of Winans International. However, the small-company stock index, the Russell 2000, remains down 9.1% for the year.

•**Earlier problems remain.** Recent gains are largely tied to investors betting on a solution to the sovereign debt crisis in Europe, says **Joe Saluzzi**, trader at **Themis Trading**. Traders who had been betting against stocks are forced to buy them to limit their losses, he says.

The problems that rattled investors two weeks ago, including Europe and unemployment, remain unresolved, says Michael Farr of Farr Miller and Washington. "This feels like a bear market rally."

Still, the bulls are encouraged by the uptick and say that even a whiff of good news could help lift stocks more, which are pricing in a recession, says Robert Maltbie of Singular Research. "The tide is turning," he says. "There's another leg up."