

msnbc.com

Optimism over Europe drives US stocks higher

By Msnbc.com staff and wire
Jan 12, 2012

[Stocks](#) opened higher on Wall Street Thursday amid optimism that solid bond auctions in Europe meant the continent was wrestling its financial crisis to the mat. Lackluster [U.S. data on jobs and retail sales](#) likely will cap the gains, however.

Italian and Spanish government bond yields fell sharply as the solid government debt auctions were taken as an encouraging sign for their hefty [funding](#) programs this year.

"The European auctions went well, yields are down in Italy and Spain, and that is giving the market a lift here," said Peter Cardillo, chief market economist at Rockwell Global Capital in New York.

But gains were dented after U.S. [data](#) showed initial claims for jobless benefits hit a six-week high and retail sales rose at the weakest pace in seven months in December.

"This is a rally that was built on the notion that things were getting better and with these kinds of numbers, it makes you wonder," said **Joe Saluzzi**, co-head of equity [trading](#) at **Themis Trading LLC** in Chatham, New Jersey.

Bank stocks led gainers in Europe, and U.S. peers could get a further boost. Bank of America Corp rose 1.3 percent to \$6.96 in premarket trading. The KBW bank index has risen 10.2 percent so far this year after falling 24.6 percent in 2011.