

**The New Haven Register**

## **Dow, major indexes have best January in years**

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By Luther Turmelle

U.S. financial markets completed their strongest January in 19 years, despite small decreases in all the major indexes.

The Dow Jones industrial average ended the month up 5.8 percent, its strongest January since 1994, according to S&P Capital IQ data. The Standard & Poor's 500 finished the month 5 percent higher, its best start to the year since 1997.

Both the Dow Jones and the S&P 500 were down slightly Thursday, though. The Dow was down 49.84 at 13,860.58 Thursday after spending part of the morning edging close to the 14,000 mark. The S&P 500 was down 3.85 to close at 1,498.11.

Stocks rallied in the first week of the year after U.S. lawmakers reached a deal to avoid the "fiscal cliff," and then pushed higher toward record levels as optimism about the housing market recovery grew.

Decent company earnings for the fourth quarter and an improving national job market also helped lift markets.

"There's not a whole lot of bears left here," said Jeff Hirsch, the editor of the Stock Trader's Almanac, adding that the market may struggle to gain further in February.

But Joseph Matthews, a first vice president with Morgan Stanley and a branch manager with the firm's Fairfield office, said he fully expects the Dow to top 14,000 in February. The Dow is just 304 points from an all-time high.

"We think it can return to where it was five years ago," Matthews said.

A variety of factors are driving the markets higher, he said.

"We're seeing signs that the economy is improving," Matthews said. "Employment is expanding nationally, and we like large cap growth stocks and companies that have exposure to emerging markets. Countries like Brazil, China and India have an emerging middle class and so we like the large consumer-focused companies, as well as a lot of export driven companies."

Stocks have also benefited as investors have put money into equities in January. By one measure, the monthly flow into stock funds was the largest in nine years.

About \$51 billion in net deposits was moved into stock funds and so-called hybrid funds, which invest in a mix of stocks and bonds, consultant Strategic Insight said Thursday. That's the most since \$56 billion flowed in during January 2004.

*The Associated Press reports contributed to this story. Call Luther Turmelle at 203-789-5706.*