

## Arizona Republic

Estimated printed pages: 3

October 4, 2006

**Section:** Business

**Edition:** Final Chaser

**Page:** D1

### **DOW'S COMEBACK IS A CHEERFUL SIGN**

*NEW CLOSING HIGH SIGNALS STRONG ECONOMY, UPBEAT INVESTORS*

*Russ Wiles, The Arizona Republic*

The Dow Jones industrial average's closing record Tuesday reflects a resilient economy and more upbeat mood among investors.

A rising stock market has the practical impact of padding wealth levels for roughly half of all U.S. households, which have direct stakes in the stock market through individual companies or mutual funds. Millions of Americans also have indirect exposure through pension plans, most of which hold the bulk of their assets in equities.

"Psychologically, it's a good development," said David Fernandez, a financial adviser at Wealth Engineering LLC in Scottsdale, even though most people don't invest directly in the 30 Dow companies.

On Tuesday, the Dow closed at a record 11,727, up 57 points, and finally surpassed its old mark of 11,723 reached in January 2000. The Dow also hit a new intraday peak of 11,759, passing the old 11,750 mark also set in January 2000.

"People are still spending money, the Christmas shopping season will be fine and consumers are feeling good with lower gasoline prices," said Stanley Rulapaugh, an investment adviser in Scottsdale.

"We have a very normal, balanced economy right now."

The Dow's new high came as a mixed blessing to Ed Mirasol, a 61-year-old Glendale resident. On the one hand, it reflects higher prices for stocks he owns. But it also means he'll pay more for future investments that he routinely makes in his retirement plan at work.

Mirasol also has noticed more people joining investment clubs in recent months as the stock market edged higher.

"I imagine they've been pulled in by the Dow," he said.

Mirasol belongs to a group associated with BetterInvesting, a national investment-club organization.

As stock-market indicators go, the Dow is neither the biggest nor the best. But it is the oldest measure of domestic stock prices and the one most widely quoted in the media.

The Dow's point total reflects the cumulative prices of its 30 stocks, adjusted over the years for stock splits and other factors. The 30 companies are pretty much all household names and industry leaders, including Microsoft, Citigroup, ExxonMobil, General Electric and Coca-Cola.

The Dow lagged other yardsticks that track small stocks and foreign companies in hitting a new high this year. But it has held an edge over the Standard & Poor's 500 index, another blue-chip yardstick and a stock-market indicator second only to the Dow in stature.

The S&P 500 is still almost 13 percentage points below its old high-water mark.

Dow Jones industrial average

- \* Created by Charles Dow in 1896.
- \* Often called the Dow, it is the world's most famous financial benchmark.
- \* It is a price-weighted average of the stock of 30 companies.
- \* Member companies are industry leaders, and their stocks are widely held by investors.
- \* Industries represented include financial, food, technology, retail, heavy equipment, oil, chemical, pharmaceutical, consumer goods and entertainment.
- \* The Dow no longer gauges the performance of the industrial component of U.S. markets.

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CAPTION: Dow hits record high CAPTION: Anthony M. Mazur Jr. signals a trade in a pit at the Chicago Mercantile Exchange near the end of the trading day Tuesday. The Dow closed at 11,727, finally surpassing its old mark of 11,723 reached in January 2000.

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