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Bernanke's Comments Help Mitigate Short-Term Fears

 By **PETER A. MCKAY**
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The stock market finished a dismal month on a high note, as the Dow Jones Industrial Average posted a fourth straight day of gains.

Investors were encouraged by comments late Thursday from Federal Reserve Chairman Ben Bernanke, who signaled in a speech in Charlotte, N.C., that the central bank might lower its key interest rate when policy makers meet next month. Investors often welcome rate cuts because they lower borrowing costs throughout the economy and encourage various forms of consumption and investing.

DJIA	13371.72
	▲ 59.99
Nasdaq	2660.96
	▼ 7.17
Oil/barrel	\$88.71
	▼ \$2.30
10-year Treasury	
Price	▼ 8/32
Yield	3.970%
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However, the catalyst that will likely prompt the Fed to make a cut -- slowing U.S. economic growth -- could hurt corporate profits in the months ahead. That catch-22 hampered stocks for most of the month and kept the rally in check Friday.

"Probably the best-case scenario through the end of the year is that we end up in a trading range," said Peter Cardillo, chief market economist at Avalon Partners, a portfolio-management firm in New York.

"We're looking for economic growth to fall off a cliff," said Mr. Cardillo, who expects the U.S. economy will register 1.8% growth in output for the fourth quarter, down from a reading of 4.9% for the third quarter, according to the latest government data.


Economists on Wall Street and at the Fed, including Mr. Bernanke himself, have been especially troubled by recent turmoil in the mortgage market. The ripple effect that many experts fear is a slowdown in U.S. consumer spending, which also has been threatened since the summer by high energy prices and a big decline in the dollar, which makes imports more expensive. Oil prices fell Friday, and the dollar rose.

The Dow industrials rose 59.99 points, or 0.5%, to 13371.72, now up 7.3% this year. Even after Monday's big decline, four straight days of gains sent the industrials up 3% for the week, the best week in percentage terms since March.

But the Dow ended November down 4% for the month, its worst monthly showing since December 2002. It also was the index's first monthly loss since July and only the third time that it has declined in November in 13 years.

Talk that the federal government might be near a deal with major financial firms to temporarily freeze interest rates on certain risky mortgages helped boost the financial sector, which suffered through most of the month from revelations of housing-related bets gone bad.

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The Dow's financial components led the way higher. **Citigroup** climbed 3.1%, **J.P. Morgan** jumped 4.5%, and **American Express** was up 3.7%.

The broad Standard & Poor's 500-stock index rose 0.8%, or 11.42 points, to 1481.14, up 4.4% this year. The index was ahead 2.8% for the week but down 4.4% for the month. This drop, too, was the first monthly decline in four months.

But the tech sector took a beating after a weak profit outlook from **Dell** sent the computer maker's shares down nearly 13% and kept fears about consumer and business spending smoldering.

Comments by company founder Michael Dell about weak orders from financial-services customers spooked investors, said Kim Caughey, senior investment analyst at Fort Pitt Capital Group in Pittsburgh. "That's a big problem. The financials aren't the tech sector's only customer, but they are a big one."

The tech-focused Nasdaq Composite Index shed 0.3% Friday, or 7.17 points, to end at 2660.96, up 2.5% on the week but down 6.9% in November. Still, the Nasdaq is ahead 10% this year.

Crude-oil prices fell on expectations for increased output from the Organization of Petroleum Exporting Countries. Crude futures for January delivery dropped \$2.30, or 2.5%, to \$88.71 a barrel down 9.6% for the week and off 6.2% in November.

Outside the U.S., stocks rose in dollar terms. The Dow Jones World Stock Index, excluding U.S. shares, rose 0.7%, or 1.84 points, to 277.16.

In major U.S. market action:

Stocks rose¹. Total trading volume for stocks listed on the New York Stock Exchange was 4.26 billion shares, as 2,333 stocks advanced and 985 fell.

Bond prices fell². The 10-year note shed 8/32 point, or \$2.50 for each \$1,000 invested, pushing the yield up to 3.970%. The 30-year bond fell 28/32 to yield 4.400%.

The dollar strengthened³. Against the Japanese currency, the dollar rose to 111.12 yen, from 109.87 yen. The euro fell to \$1.4630, compared to \$1.4740.

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