Stocks Turn Higher As Fiscal Talks Progress

Steve Rothwell, AP Business Writer

NEW YORK (AP) — Stocks rose for the first day in four after Congressional leaders said they were confident that can reach a deal with President Barack Obama to head off the "fiscal cliff" and the risk of a new recession.

The Down Jones industrial average was up 54 points at 12,595 as of 12:35 p.m. in New York, after falling as much as 71 points at mid-morning. The S&P was up seven points at 1,360 and the Nasdaq rose 17 points to 2,853.

Investor concern that Obama and Congress won't reach a deal on how to cut the budget deficit has caused a sell-off in stocks since Election Day. The Dow is down 5 percent since Nov. 6. If an agreement isn't made, automatic government spending cuts and tax increases are set to kick in at the beginning of next year.

The market started lower Friday but spiked higher shortly before midday as the top members of the House and Senate spoke at the White House following a closed-door session with Obama.

"It's a good start ... the fact that they were all standing together," said Ben Schwartz, the chief market strategist at Lightspeed Financial, a New York-based broker.

House Speaker John Boehner and Senate Minority Leader Mitch McConnell both said they offered higher tax revenue as part of a deal. Boehner said he outlined a framework that is consistent with Obama's call for a "balanced" approach of both higher revenue and spending cuts.

Stocks have fallen since the Presidential election last week, when voters returned President Barack Obama and a divided Congress to power. Concern that political wrangling will stop lawmakers from reaching a deal on reducing the budget deficit has prompted the selling.

Superstorm Sandy depressed U.S. industrial output in October, while production of machinery and equipment declined sharply, reflecting a more cautious outlook among businesses, according to a Federal Reserve report.

The Fed says industrial output fell 0.4 percent last month, after a 0.2 percent gain in September. Excluding the storm's impact, production at the nation's factories, mines and utilities would have been up about 0.6 percent.

Among stocks making big moves:

—Dell fell 72 cents to $8.85 after saying that its revenue may fall as much as 13 percent in the fourth quarter.

—Schiff Nutrition International Inc., a nutritional supplement company, jumped $10.01 to $43.93 after U.K.-based Reckitt Benckiser Group offered to pay $42 a share in cash to buy the company.

— Ruckus Wireless Inc., a maker of wireless networking equipment, dropped $1.14 to $13.89 on its first day of trading. That's a decline of 8 percent.

— Sears fell $10.40 to $47.73 after the company said sales at both its Kmart and Sears stores continued to tumble.

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