



## Bargain hunters lift market

by: Staff and Wire Reports  
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### The Dow Jones index gains 552 after three dismal days of selling.

Investors did an abrupt turnaround on Wall Street Thursday, muscling the Dow Jones industrial average up more than 550 points after driving it down near its lows for the year on a stream of negative economic and corporate news.

After three days of selling that wiped out about \$1 trillion in shareholder value, many investors, though nervous about a prolonged economic downturn, appeared convinced the market had priced in enough bad news. So when the Standard & Poor's 500 index — the indicator most watched by traders — managed to recover from multiyear trading lows, buyers swarmed back in.

It's "a herd mentality," said Ryan Larson, senior equity trader at Voyager Asset Management. "We started going higher — and you don't want to be the last one on the boat."

The market was following in dramatic fashion its pattern of huge price reversals, one that was set early in the 15-month-old credit crisis and that has become almost the norm on Wall Street.

Tom Warburton, principal of Warburton Capital Management of Tulsa, said stock trading can be at odds with the nation's economic performance.

"The economy and the stock market are two separate matters, and they have minds of their own," Warburton said in a telephone interview with the Tulsa World. "The economy does not reliably predict the stock market. Since 1949, 72 percent of bull markets have occurred during recessions."

Trying to guess whether the stock market will fall further or has reached bottom does no good because nobody knows, he said. People need to plan long-term when investing in the stock market and use money they won't need within 10 years.

"We are seeing people clamoring to find money to invest at these prices. Stocks are the only things in the world that people won't buy when they are on sale. People will buy shoes, blouses, purses, sunglasses and golf clubs when they are on sale, but people don't want to buy stocks when they are on sale," Warburton said.

The pessimism is widespread and deep, and stock prices reflect that, noted Fred Russell, principal of Fredric E. Russell Investment Management Co. in Tulsa.

"The market is looking forward, and it's saying things have been really bad — people are out of work, their houses are getting foreclosed every day, it's hard to get credit, companies are not hiring, they are not spending. But there are signs the worst is over, and that in six months or a year, at the latest, the economy will be on a fast road to recovery," Russell said.

Russell said shares of many publicly traded companies on the Nasdaq and New York Stock Exchange often are selling at less than book value, considerably less than the replacement value of their asset and often less than net cash.

For example, on Wednesday his firm invested significantly in Helmerich & Payne Inc. at \$24.50 a share, which is less than the \$35 to \$40 a share it would take to replace the Tulsa-based energy company's drilling rig fleet.

"When the market starts to — apparently on the surface — ignore bad news or good news, you know that it's ready for a reversal," Russell said.

The Dow rose 552.59, or 6.67 percent, to 8,835.25, after falling as low as 7,965.42 and rising as high as 8,876.59. That's a trading range of 911 points.

The Dow did not sink below its Oct. 10 trading low of 7,882.51.

The Dow's gain was the third-largest single-session point gain, following a 889-point rise on Oct. 28 and the 936-point surge on Oct. 13.

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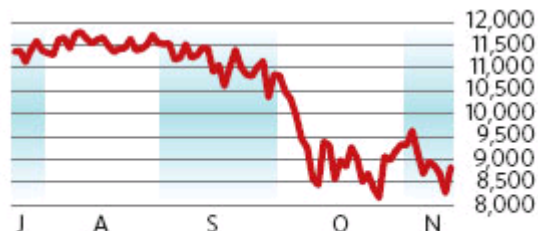
*Tulsa World staff writer Laurie Winslow contributed to this story by The Associated Press.*

#### Associate Images:

### Dow soars

The Dow Jones industrials rose 552.59 points (6.67%) to close at 8,835.25 on Thursday.

#### Dow Jones industrials



Source: SunGard

AP



Traders crowd the post of Hercules Inc. at the closing bell Thursday on the floor of the New York Stock Exchange.

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