



U.S. Stocks Rise on Obama Plan; Citigroup, Bank of America Gain

[Email](#) | [Print](#) | [A A A](#)

By Elizabeth Stanton

Jan. 21 (Bloomberg) -- U.S. stocks rebounded from a two-month low on speculation a bank-rescue plan from President **Barack Obama** will shore up financial companies.

Citigroup Inc. and Bank of America Corp, the biggest U.S. banks by assets, jumped more than 8 percent. **International Business Machines Corp.** climbed 8.5 percent after its 2009 profit forecast topped analysts' estimates. **McDonald's Corp.** rose 1.2 percent after being added to Goldman Sachs Group Inc.'s "conviction buy" list.

"Our guess is by the year-end, that the reflation going on with the monetary policy, the fiscal policy, the decline in the price of oil, all that reflation will overcome the deflationary forces, and we'll have a somewhat higher market," **Robert Doll**, who oversees about \$300 billion as chief investment officer for global equities at BlackRock Inc., told Bloomberg Television.

The **S&P 500** rose 1.9 percent to 820.14 at 9:34 a.m. in New York. The Dow Jones Industrial Average added 129.19 points, or 1.6 percent, to 8,078.28. The Russell 2000 Index climbed 1.5 percent.

U.S. stocks sank yesterday, sending the Dow average to its worst Inauguration Day decline, as speculation banks must raise more capital pushed financial shares to an almost 14-year low. The **S&P 500** is off to its worst start to a year, shattering the biggest rally since World War II as analysts cut earnings estimates by a record 83 percentage points and companies signal worse to come.

Europe's **Dow Jones Stoxx 600 Index** dropped 0.2 percent, while the MSCI Asia Pacific Index slid 2 percent.

Obama Team Meets

Treasuries fell for a third day on concern debt sales will increase as Obama called on Americans to rebuild the economy.

Obama meets with his economic advisers today. The new president's team is pushing to complete a bank-rescue plan that can be twinned with the \$825 billion stimulus package being negotiated with Congress to alleviate the deepening financial crisis.

While full details of the rescue haven't been settled yet, people familiar with the deliberations said the package is likely to include a \$50 billion-plus program to stem foreclosures, fresh injections of capital into banks and steps to deal with toxic assets clogging lenders' balance sheets.

Timothy Geithner, Obama's nominee for Treasury Secretary, plans to call for "reform" of the government's main financial-rescue program and quick action to revive the economy, according to remarks prepared for delivery at his confirmation hearing at 10 a.m. in Washington.

Banks Rally

Citigroup, the U.S. bank that received a government-backed capital injection of \$20 billion in November, surged 11 percent to \$3.12. Bank of America, the biggest U.S. lender by assets, rose 8

percent to \$5.51. **JPMorgan Chase & Co.** advanced 7.7 percent to \$19.49.

To contact the reporter on this story: **Elizabeth Stanton** in New York at estanton@bloomberg.net

Last Updated: January 21, 2009 09:37 EST



©2009 BLOOMBERG L.P. ALL RIGHTS RESERVED. [Terms of Service](#) | [Privacy Policy](#) | [Trademarks](#)