



# Stocks Rebound on Bernanke Comments

By JOE BEL BRUNO

Feb. 27, 2008 (AP) — Wall Street advanced Wednesday after Federal Reserve Chairman Ben Bernanke said the central bank will remain vigilant should inflation accelerate, but also said the Fed would remain open to interest rate cuts to help the economy.

Stocks fluctuated and then moved higher after the release of Bernanke's prepared comments for an appearance before lawmakers on Capitol Hill. His remarks come as the dollar plunged to a record low against the 15-nation euro, which sent oil and gold further into record high territory and raised the prospect of accelerating inflation.

Investors have been hoping for some kind of indication as to whether the Fed is more concerned about the sagging economy or the risk of inflation.

Harry Clark, president of Clark Capital Management in Philadelphia, said Bernanke's initial remarks indicate he is "finally getting it" and continuing to focus on boosting the economy. The Fed, widely expected to make a half-point cut in interest rates, will meet again on March 18.

"We all know inflation is back to a degree but they've all said that inflation won't keep the Fed from lowering rates further," Clark said.

Stocks also got a boost when the government regulator for mortgage finance companies Fannie Mae and Freddie Mac said it would lift a cap on the two companies' investment portfolios. This will inject more liquidity into a mortgage industry battered by the subprime loan crisis.

In late morning trade, the Dow Jones industrials rose 42.01, or 0.33 percent, to 12,726.93.

Broader stock indexes were also higher. The Standard & Poor's 500 index rose 3.25, or 0.24 percent, to 1,384.54; and the Nasdaq composite index rose 11.48, or 0.49 percent, to 2,356.47.