Things were looking good at the Dow.

The Dow Jones industrial average rode a surge of confidence in the economy Tuesday to close above 13,000, a threshold it last crossed four months before the financial crisis of 2008 and the darkest days of the Great Recession. The milestone extended a strong rally in stocks since the start of the year, and it came after a fitful week in which the Dow repeatedly floated above 13,000 only to fall back by the end of the trading day.

The Dow closed at 13,005.12, a close enough call that the gain of a single stock, Johnson & Johnson, made the difference. The Dow last closed above 13,000 in May 2008, four months before the fall of the Lehman Brothers investment bank and the worst of the crisis.

"I think it's a momentous day for investor confidence," said Jack Ablin, chief investment officer at Harris Private Bank. "What this number implies is that the financial crisis that we were all losing sleep over, it never happened, because now we're back."

Dow 13,000 comes at a time when Americans are feeling better about the economy than they have in a year. The Conference Board, a private research group, said its consumer confidence jumped to 70.8 in February, up from 61.5 in January.

The report came out at 10 a.m. and lifted the Dow above 13,000. It stayed there most of the day.

"Two months ago, we were talking about a double-dip recession. Now consumer confidence is growing," said Ryan Detrick, senior technical strategist for Schaffer's Investment Research.

He said the Dow's milestone "wakes up a lot of investors who have missed a lot of this rally."

The average first pierced 13,000 last Tuesday but fell back by the close. It floated above the milestone again on Friday and Monday, but slipped below both days. A strong rally for stocks

this year seemed stalled as worry built on Wall Street about climbing prices for oil and gasoline.

Tuesday's gain puts the Dow 1,160 points below its all-time high, set Oct. 9, 2007. The Great Recession began two months later.

The milestone could draw some fence-sitting investors back into the market and add to the gains, said Brian Gendreau, market strategist at Cetera Financial Group.

"Already here in the first two months, we've blown past the consensus expectations for the entire year, and that certainly gets people's attention," he said.

The Dow started with its best January since 1997 and has added to that gain. The index is up 6.5 percent for the young year.

Other averages have fared even better: The Standard & Poor's 500 is up 9 percent, the Russell 2000 index of smaller stocks is up 11 percent, and the Nasdaq composite index, dominated by technology stocks, is up 14 percent.

The other major indexes sit at multi-year highs as well.
The S&P closed Tuesday at its highest level since June 2008, and the Nasdaq has not traded so high since December 2000, during the bursting of the bubble in technology stocks.

Just last August, the Dow dropped 2,000 points in three frightening weeks. Investors were worried about the European debt crisis, gridlock in Washington over the federal borrowing limit, a downgrade of the U.S. credit rating and the threat of another recession.

After Labor Day, the recession fears melted away. Since then, the stock market has been engaged in a tug-of-war between optimism over the improving American economy and fear that crisis in Europe would derail the U.S. recovery.

The optimists have been winning.

The Dow cruised to 13,000 the old-fashioned way, riding the economy higher. The unemployment rate has come down five months in a row, the first time that has happened since 1994.

The economy added 243,000 jobs in January, one of the three best months since 2006. Gains were surprisingly robust in industries across the economy, including the strongest hiring in manufacturing in a year.

In the stock market, the improving economy has translated to slow, steady gains - about 20 points a day for the Dow, averaged over the eight weeks. The index has gained more than 100 points on only three days, and it has not fallen 100 points on any day.

On Tuesday, seven of the 10 industry groups within the S&P 500 index were higher, with information technology and consumer discretionary stocks leading the way. Utility stocks,

traditionally solid investments in a weak economy, were lower.

Microsoft led the 30 stocks in the Dow with a gain of 1.7 percent for the day. Johnson & Johnson had the biggest price change. It gained 73 cents and was responsible for 5.52 points of the Dow's gain, enough to clear the 13,000 level.

The S&P 500 gained 4.59 points for the day and closed at 1,372.18. Technical traders said it was a breakthrough because the S&P has been hemmed between 1,100 and 1,370 for months.

The Nasdaq gained 20.60 and closed at 2,986.76.

Prices for U.S. Treasurys were little changed. Besides the consumer confidence figure, investors wrestled with a Commerce Department report that businesses cut back on machinery and equipment in January.

The price of the 10-year Treasury note dropped 12.5 cents for every $100 invested. The yield edged up to 1.94 percent from 1.93 percent late Monday. Shorter-dated Treasurys were nearly all unchanged.

The euro rose against the dollar a day before the European Central Bank is expected to give banks in the region another round of loans. A jump in U.S. consumer confidence also pushed traders to buy the euro.

The Dow first cracked 13,000 on April 25, 2007, when the unemployment rate was 4.5 percent, far below today's 8.3 percent, and the economy was growing at a relatively healthy clip.

From there, it was a quick ride to the Dow's all-time high. The average crossed 14,000 in July 2007, then peaked at 14,164.53 on Oct. 9, 2007. Concerns about weak corporate earnings and tighter credit were already haunting the market, though.

The trip back down to 13,000 was less pleasant. It took little more than a month. Ten months later came the fall of Lehman Brothers and the financial meltdown. The Dow hit bottom on March 9, 2009, at 6,547.05.

Analysts say the stock market has grown accustomed to lingering threats this year, including a debt crisis in Europe and an economic recovery in the United States that is still not as strong as economists would like.