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## Signs of strength in housing market boost stocks

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NEW YORK (AP) -- Signs of strength in the housing market pushed the Dow Jones industrial average to its second straight gain of more than 100 points.

An increase in the number of people with contracts to buy homes and the first profit at homebuilder D.R. Horton in three years raised hopes that one of the most stubborn weak spots in the economy is improving.

The Dow rose 111 points Tuesday, boosting its two-day gain to 230 points and extending a recovery from a slide in January. It was the biggest back-to-back advance for the Dow in three months.

The National Association of Realtors, a trade group, said its index of sale contracts rose 1 percent in December. It was the ninth improvement over the past 10 months as buyers scrambled to take advantage of a first-time homebuyer tax credit before it was set to expire last November.

"It's a slow, sustainable growth," said Daniel Penrod, senior industry analyst for the

California Credit Union League. "Most people would prefer a quick rebound but that's not likely to happen."

The home sales report was the latest bit of encouraging news on the economy. Stocks rose on Monday after a surprisingly strong reading on the manufacturing industry, and on Friday the government reported that the U.S. economy grew at an annual rate of 5.7 percent in the final three months of 2009, a faster pace than expected.

D.R. Horton Inc. posted its first profit since 2007 during its fiscal first quarter. Much of its \$192 million profit during the October-December period came from a tax gain, but its revenue rose because of a 36 percent jump in home sales. Orders increased 45 percent.

The reports brought a positive tone to the market, which stumbled in late January as concerns arose that the recovery might be stalling and that the market's 10-month advance was running out of gas. The Standard & Poor's 500 index fell 3.7 percent in January, its worst month since hitting a 12-year low nearly a year ago.

According to preliminary calculations, the Dow rose 111.32, or 1.1 percent, to 10,296.85. The Dow's two-day climb of 229.52, or 2.3 percent, is the biggest point and percentage gain since Nov. 4-5.

The S&P 500 index rose 14.13, or 1.3 percent, to 1,103.32, while Nasdaq composite index advanced 18.86, or 0.9 percent, to 2,190.06.

Bond prices inched higher. The yield on the benchmark 10-year Treasury note, which moves opposite its price, dipped to 3.64 percent from 3.66 percent late Monday.

Crude oil jumped \$2.80 to \$77.23 per barrel on the New York Mercantile Exchange, its biggest one-day gain in four months as stocks advanced and hopes grew that the economy is strengthening. Gold rose.

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Investors are turning their attention to a series of economic reports this week to see if the growth of late last year has a good chance of continuing. The most important indicator will come on Friday when the Labor Department releases its January employment report.

Confidence also grew after Treasury Secretary Tim Geithner told the Senate Finance Committee that the economy is in better shape than a year ago but that the government still needs to take steps to bring down unemployment, which stands at 10 percent.

The market's two-day climb is helping stocks recover from its mid-January slide.

Michael Cannivet, portfolio manager and senior analyst at Palo Capital Inc. in Newport Beach, Calif., said the market's recent drop had drawn in people who are looking to buy on dips.

"We think there is so much buying power on the sidelines that that is what's keeping the market from a full correction," Cannivet said, referring to a drop of at least 10 percent. Before the advance this week, the S&P 500 index was down 6.6 percent from its recent peak on Jan. 19.

Among home builders, D.R. Horton jumped \$1.30, or 10.9 percent, to \$13.21. Toll Brothers Inc. rose \$1.04, or 5.6 percent, to \$19.66, while Pulte Homes Inc. rose 79 cents, or 7.5 percent, to \$11.35.

Ann Taylor Stores Corp. rose \$2.36, or 17.6 percent, to \$15.75 after saying its fourth-quarter earnings would top expectations on stronger sales and profit margins.

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More than three stocks rose for every one that fell on the New York Stock Exchange, where volume came to 1.2 billion shares compared with 1 billion Monday.

The Russell 2000 index of smaller companies rose 4.80, or 0.8 percent, to 614.05.

Britain's FTSE 100 rose 0.7 percent, Germany's DAX index gained 1 percent, and France's CAC-40 rose 1.3 percent. Japan's Nikkei stock average rose 1.6 percent.

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