

A turn for the better

Promising reports inspire investors to lift Wall Street's big indexes past psychological barriers, raising hopes of recovery

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NEW YORK — The Standard & Poor's 500 index is four digits again now that the stock market's rally has blown into August.

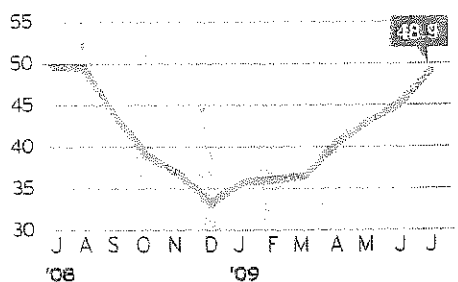
The widely followed stock market measure broke above 1,000 on Monday for the first time in nine months as reports on manufacturing, construction and banking sent investors more signals that the economy is gathering strength. The S&P is used as a benchmark by professional investors, and it's also the foundation for mutual funds in many individual 401(k) accounts.

Wall Street's big indexes all rose more than 1 percent, with the Nasdaq composite index finishing above 2,000 for the first time since October.

The market extended its summer rally on news that might have

Manufacturing

Purchasing Managers' Index readings of greater than 50 indicate growth in the manufacturing economy.



Source: Institute for Supply Management

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seemed unthinkable when stocks cratered to 12-year lows in early March. A trade group predicted U.S. manufacturing activity will grow next month, the government said construction spending rose in June and Ford Motor Co. said its sales rose last month for the first time in nearly two years.

"The market is beginning to smell

economic recovery," said Howard Ward, portfolio manager of GAMCO Growth Fund. "It may be too early to declare victory, but we are well on our way."

The day's reports were the latest indications that the recession that began in December 2007 could be retreating. Better corporate earnings reports and economic data propelled the Dow Jones industrial average 725 points in July to its best month in nearly seven years and restarted a spring rally that had stalled in June.

On Monday, a report from the Institute for Supply Management, a trade group of purchasing executives, signaled U.S. manufacturing activity should increase next month for the first time since January 2008 as industrial companies restock shelves. Also, the Commerce Department said construction spending rose rather than fell in June

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