Numbers up in October



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Crew members with Anadarko Petroleum Corp. work on a drilling platform on a farm near Mead, Colo. A private measure of U.S. manufacturing activity grew in October at the fastest pace in more than three years.

3 strong economic reports lift hopes for recovery

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Good news Monday in manufacturing, construction and contracts to buy homes prompted optimism among economists and other experts that the fledgling economic recovery is taking hold.

U.S. manufacturing activity grew in October at the fastest pace in more than three years, according to the Institute for Supply Management, a trade group of purchasing executives. It was driven by government spending, businesses' need to rebuild inventories and higher demand from overseas.

The Commerce Department said construction spending rose in September on the strength of home building. The report supported optimism that the ailing housing sector is starting to revive.

Construction spending was 13 percent below September 2008.

Additionally, the number of signed contracts to buy previously occupied homes rose for the eighth straight month in September, according to the National Association of Realtors.

The trio of positive economic reports helped drive Wall Street higher. The Dow Jones industrials added about 76 points and broader indexes rose.

With jobs scarce, lending tight and consumers wary of spending, it's unclear whether the strength can be sustained as government stimulus programs wind down. For example, the contracts to buy homes rose as buyers scrambled to take advantage of a tax credit for first-time owners that expires at the end of this month. Congress is moving to extend the credit until April 30.

The Institute for Supply Management said its manufacturing index grew in October at the fastest pace since April 2006.

The ISM said 13 of the 18 manufacturing industries surveyed expanded, led by petroleum and coal production, apparel and furniture. Three industries shrank.

"This is another clear sign the recession is over, and the recovery has begun," Adam York, a Wells Fargo Securities economist, said in a research report.