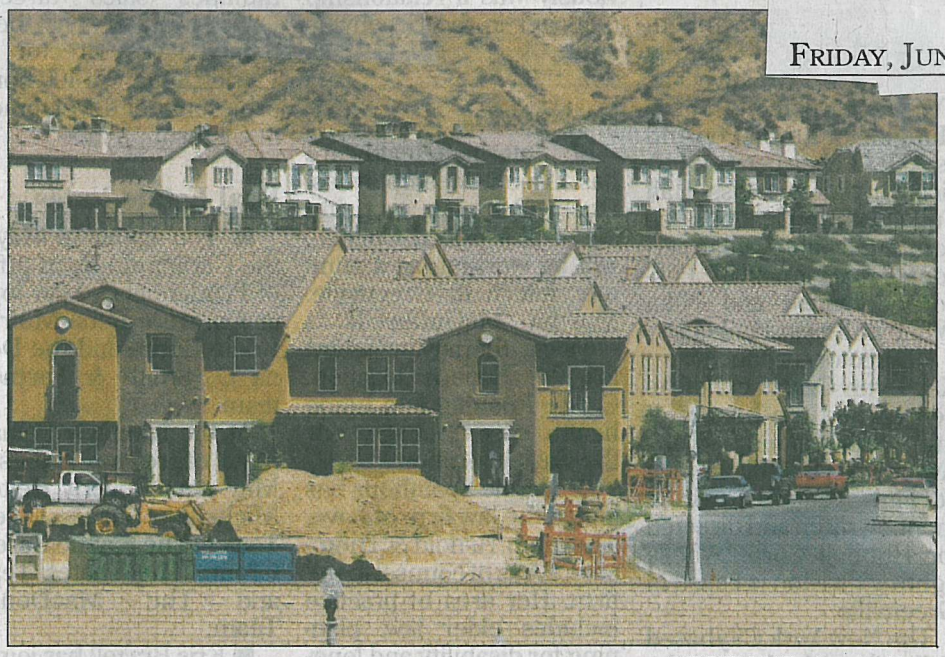
# Dow gains 173 points





GUS RUELAS / The Associated Press

Miami-based homebuilder Lennar Corp. said orders for new homes jumped 63 percent during the second quarter.

# Builders, retailers prime stock surge

## Investors heartened as Fed ends first of fall's emergency programs

**By Madlen Read**
THE ASSOCIATED PRESS

NEW YORK — Investors rushed back into stocks as profits at a handful of companies indicated the economy might be gaining strength.

Gains in homebuilders, retailers and other consumer discretionary stocks led the market sharply higher Thursday. The Dow Jones industrial average surged 173 points after four days of losses. Government bond prices jumped after an auction drew strong demand.

Traders focused on several better-than-expected earnings reports and welcomed news that the Federal Reserve took the first step toward removing the numerous emergency lending programs it launched last fall at the height of the financial crisis.

The third successful Treasury auction of the week helped boost confidence that Washington will be able to raise enough money to fund its economic recovery programs.

Shares of homebuilders rallied after Lennar Corp. said orders for new homes jumped 63 percent during the second quarter and posted revenue that beat expectations.

Retailers and other consumer discretionary stocks jumped following an upbeat report from

See **STOCKS** on page 3B

## STOCKS

FROM PAGE 1B

Bed Bath & Beyond Inc. The home furnishings store said its fiscal first-quarter profit climbed 14 percent as sales rose after the liquidation of rival Linens N Things.

Stocks had started lower after the government said new claims for unemployment benefits rose by 15,000 to 627,000 last week. The market expected a drop.

Joe Saluzzi, co-head of equity trading at Themis Trading LLC, said some of the day's gains likely reflect portfolio managers buying up stocks to pump up their returns ahead of the end of the quarter on Tuesday.

Uncertainty about when the economy will turn around and how much it might eventually grow, have made for a rocky market this month. The Dow Jones industrial average remains up 29.4 percent from its 12-year low hit on March 9, but is down nearly 330 points, or 3.7 percent, from the five-month high it reached on June 12.

Traders were relieved to see the announcement that the Fed will allow a program for supporting money market mutual funds to lapse by the end of October. The central bank's decision, along with reductions in the amount it will lend to banks under two others is a sign the financial system is stabilizing. The Fed is extending five other programs.

Lennar shares soared more than 17 percent, adding $1.37 to $9.19, while Toll Brothers Inc. rose 85 cents, or 5.2 percent, to $17.09.

Bed Bath and Beyond gained $2.69, or 9.5 percent, to $31.08. Home Depot Inc. rose 89 cents, or 3.9 percent, to $23.57.