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Economic data encouraging

Dow up 2.6 percent; S&P 500 jumps 3.4 percent

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Investors — who have been gloomy much of the year — cheered economic data Monday that showed increased construction spending and higher home sales.

A broad surge in stocks propelled the Dow Jones Industrial Average 214.33 points higher, or 2.6 percent, to 8,426.74.

The Standard & Poor's 500-stock index, a broader indicator, rose 29.72 points, or 3.4 percent, to 907.24.

Construction spending and pending home sales rose unexpectedly in March, raising hopes that the effects of the recession are easing.

Anika R. Khan, an economist, said in a research report published by Wachovia Capital Markets that "signs of tentative stabilization in the housing market should begin to help slow the pace of residential construction declines."

Total construction spending increased 0.3 percent in March, "far exceeding expectations," Khan said.

Meanwhile, the National Association of Realtors said its index of pending home sales rose 3.2 percent.

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