Hopeful signs for economy emerge in latest data

WASHINGTON (AP) — Fresh signs emerged Monday that the recession is letting up.

Manufacturing's slide is slowing. Builders are boosting spending on construction projects — including homes. And consumers aren't cutting back as much as some had feared.

A trio of reports gave Wall Street a big lift on the same day that industrial icon General Motors Corp. filed for bankruptcy protection. The federal government is taking a majority ownership stake in the company, which announced new plant closings.

Investors and economists focused instead on the encouraging news about the economy.

The Dow Jones industrial average jumped 221 points, or 2.6 percent. And the Standard & Poor's 500 index and Nasdaq composite reached their highest levels this year.

"What looked like a flicker of light at the end of the tunnel is now starting to look like a beacon," said Richard Yamarone, economist at Argus Research. "We are no longer in the deep throes of recession. A recovery may be just a few months away."

Economists were especially heartened by a report from the Institute for Supply Management that showed U.S. manufacturing activity shrinking at a slower pace in May. Reports from Asia and Europe indicated similar improvements in their manufacturing sectors.

The institute's index came in at 42.8 — its highest since September and up from 40.1 in April. A reading below 50 still indicates activity contracted, but the figure surpassed economists' forecasts.

Importantly, an index of new orders placed with U.S. factories rose to 51.1 in May. It was the first time this barometer had grown since November 2007, the month before the recession began.

And businesses' inventories shrank, suggesting supplies will soon need to be replenished. That would boost factory production, aiding overall economic activity.