Investors buy into good news



JULIE JACOBSON / The Associated Press

People looking for work and seeking benefits wait in line in Las Vegas. The number of people requesting unemployment benefits declined for the second week.

Positive data push stocks higher ahead of today's jobs report

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Stocks advanced Thursday, extending gains from a day earlier, after reports on housing, manufacturing and jobs indicated the economy continues to grow.

The Dow Jones Industrial Average rose 50 points, with broader indexes also higher.

Trading was somewhat muted ahead of the closely watched monthly report on employment due out today.

David A. Halloran, chief portfolio strategist for Greenwood Capital Associates LLC, said in a letter to clients that while many investors expect a double-dip recession and the mood is pessimistic, U.S. economic data still suggest expansion, "just at a slower rate."

"Investor sentiment is similar to the condition we witnessed at the bottom of the equity market in March 2009," he said. "The current economic slowdown is not unusual. In fact, a slowdown or soft patch is much more prevalent in history than a double dip."

The Dow rose 50.63 points Thursday, or 0.5 percent, to 10,320.10.

The Standard & Poor's 500-stock index rose 9.81, or 0.9 percent, to 1,090.10, while the Nasdaq Composite rose 23.17, or 1.1 percent, to 2,200.01.

The Labor Department said first-time claims for unemployment benefits fell slightly last week but remain well above levels that indicate a healthy economy.

The number of buyers who signed contracts to purchase homes rose 5.2 percent in July, according to the National Association of Realtors. Sales plummeted in the months following the expiration of the government's home buyer tax credit in April.

Factory orders also climbed, rising 0.1 percent in July. The rise in orders backs up a report Wednesday showing the manufacturing sector continues to expand.