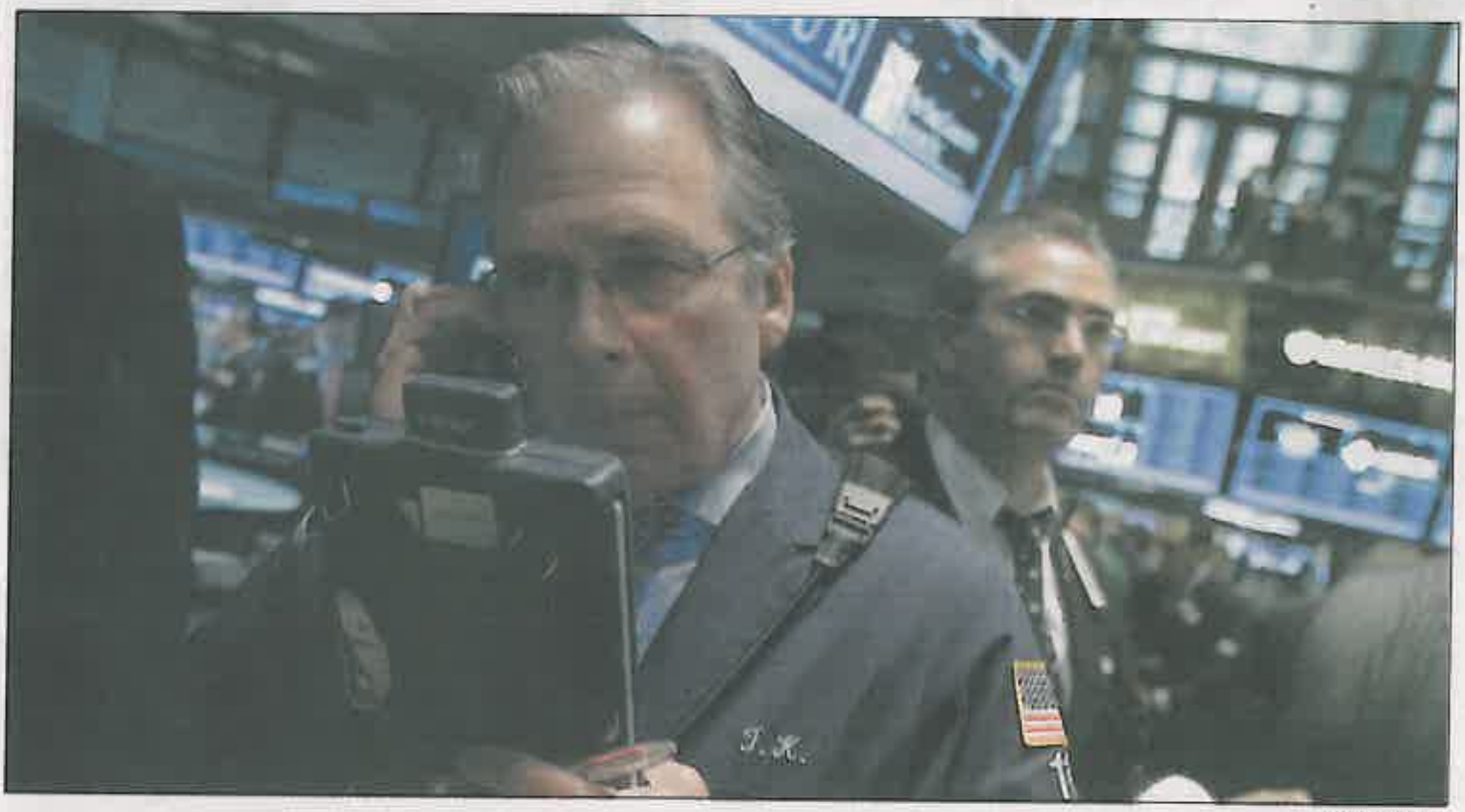
Stocks jump after confidence



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Trader Thomas Kay, left, works on the floor of the New York Stock Exchange on Thursday. U.S. stock futures are moving sharply higher Tuesday, to start the week after the three-day holiday weekend and ahead of the latest update on the mood of the American consumer.

House prices surge, bond yields rise

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NEW YORK — A rally that brought the stock market to record highs this year came back to life after consumer confidence reached a five-year high and U.S. home prices rose the most in seven years. As stock prices rose investors sold bonds, sending interest rates higher.

The Dow Jones industrial average rose 106 points to close at another record Tuesday, bouncing back from a loss the week before. The Standard & Poor's 500 index also gained. The S&P is on track for its seventh straight monthly increase, the longest winning streak since 2009.

"They say the stock market tends to lead the economy. Now we're starting to see the improvement on the economic front, so there's some justification for this rally," said Ryan Detrick, a senior technical strategist at Schaeffer's investment research.

The yield on the 10-year Treasury note jumped to 2.17 percent, its highest level since April 2012, as investors moved money out of safe assets and into riskier ones like stocks. That's a big move from Friday's level of 2.01 percent. Markets were closed Monday for Memorial Day.

The stock market is coming off a rare loss last week, when both the Dow and the S&P 500 index had their first losing weeks in a month. Investors worried that the Federal Reserve might slow its extraordinary economic stimulus measures, which have also supported the stock market's advance.

The gains were broad. Eight of the 10 industry groups in the S&P 500 index rose, led by financial stocks. The only groups that fell were utilities and telecommunication companies, which investors tend to buy when they're seeking stable, safe stocks that pay high dividends. All but six of the 30 stocks in the Dow rose.

Some of the most eye-catching price moves were in the bond market.

Bond yields are rising in anticipation that the Fed may ease back on its $85 billion monthly bond purchases. Tim Courtney, chief investment officer at Exencial Wealth Advisors, is among those who see a bleak outlook for the bond market.

While inflation is currently low, it will likely start to rise within one or two years if the economy continues to improve, Courtney said.