Stocks rise as buck falls

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THE ASSOCIATED PRESS

NEW YORK — Investors halted a three-day losing streak on the stock market Monday, sending prices broadly higher on a weaker dollar and better-than-expected home sales numbers.

Major stock indexes soared more than 1 percent, including the Dow Jones industrials, which rose 133 points to a 13-month high. Volume was thin ahead of the Thanksgiving holiday, which can exaggerate the size of market swings.

Investors found plenty of reasons to buy as the day's developments pointed to two trends: an improving economy and interest rates that are expected to stay low.

■ The National Association of Realtors reported October home sales rose more than 10 percent, reviving optimism after disappointing housing data last week raised concerns about the economic recovery.

■ Charles Evans, head of the Federal Reserve Bank of Chicago, was quoted as saying he saw little risk that the economy would slide back into recession, although unemployment is unlikely to fall until next summer. And James Bullard, president of the Federal Reserve Bank in St. Louis, said the U.S. Fed should continue to buy mortgage-backed securities after the program is supposed to expire in March. That would continue to keep interest rates low.

■ The dollar extended its pullback, sending prices for commodities higher and in turn, the stocks of companies that produce them.

Bond prices retreated as investors regained their appetite for risk.

Low interest rates and a resulting slide in the dollar have been big drivers behind the stock market's eight-month rally. Low interest rates enable investors to borrow cheaply and buy assets like stocks and commodities that have the potential to earn higher yields than cash.

Investors were buying Monday on somewhat contradictory forces. The strength in housing is a sign of an improving economy, which could argue in favor of raising rates, while the dollar's weakness points to rates remaining low. Analysts say investors who still have plenty of available cash are primed to buy.

The National Association of Realtors said home sales rose 10.1 percent in October to the highest level in 2½ years. Analysts had been expecting a 1.4 percent increase in sales.