

Construction worker Will Capper works on a new house in Palo Alto, Calif. A surge in apartment construction gave builders more work in November. That news helped boost markets Tuesday. PAUL SAKUMA/AP

Stocks soar on good EU news, US housing

By Matthew Craft
The Associated Press

NEW YORK — Encouraging signs out of Europe and a surprisingly strong report on the U.S. housing market drove the Dow Jones industrial average up more than 300 points Tuesday — the best day for stocks this month. Spain pulled off a successful debt auction and business and consumer confidence in Germany rose unexpectedly. Both helped ease worries over the EU debt crisis. The dollar fell against the euro and U.S. government bond prices fell as traders shifted money out of the safest assets.

Borrowing costs for Spain dove at an auction of short-term debt, a sign bond buyers are more confident in its ability to pay them back.

Madrid raised $7.3 billion, much more than its goal of $5.9 billion. Investors demanded an interest rate of only 1.74 percent to lend to Spain for three months, a steep fall from the 5.1 percent at an auction in November.

The Dow rose 337.32 points, or 2.9 percent to close at 12,103.58.

Europe's major stock markets also rose. Germany's DAX soared 3.1 percent. France's CAC-40 jumped 2.7 percent. The Standard & Poor's 500 index gained 35.95 points, or 3 percent, to 1,241.30.

Only six stocks in the index fell. The Nasdaq composite index rose 80.59, or 3.2 percent, to 2,603.73.

The gains held on Tuesday afternoon even after the U.S. House of Representatives rejected a plan to extend a cut in Social Security taxes.

Unemployment benefits for 2 million people are also at risk.

A Federal Reserve proposal for stricter rules on larger banks didn't knock down JPMorgan Chase, Citigroup and other big bank stocks. JPMorgan Chase & Co. gained 4.9 percent. Citigroup added 4.6 percent.

The Standard & Poor's 500 index gained 35.95 points, or 3 percent, to 1,241.30. Only six stocks in the index fell. The Nasdaq composite index rose 80.59, or 3.2 percent, to 2,603.73.

Analysts warned that recent big rallies in the stock market have been quick to fade as traders seize the chance to sell stocks and lock in gains.