Big day for the Dow



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Stock indexes rose more than 1 percent in light trading Monday in New York.

Xerox, Abbott deals boost stock market

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NEW YORK — A burst of corporate dealmaking is giving investors a shot of confidence about the economy.

Stock indexes rose more than 1 percent Monday to post their biggest gains in about a month, breaking a three-day slide. The Dow Jones industrial average jumped 124 points, recouping much of what it lost last week.

Large acquisitions from Abbott Laboratories and Xerox Corp. vaulted shares of drugmakers and technology companies higher, and the buying spread to other parts of the market as investors hoped that the $6 billion-plus deals could be a sign that deal activity is finally picking up a year after the financial system nearly froze.

A resumption of corporate takeover deals would represent an important milepost in the economy's recovery. Companies had grown so worried in the past year that they were hesitant to part with cash and often had trouble lining up financing.

A willingness by big companies to wager stock and borrow cash to bulk up their business also sets off a guessing game among investors about what the next takeover targets might be. Just last week Dell Inc. said it would acquire technology company Perot Systems Corp. for $3.9 billion, and earlier this month Kraft Foods Inc. made an overture for candy maker Cadbury PLC for $16.7 billion.