

Wall St rallies on economy, bank rule; G20 helps

By Edward Krudy

NEW YORK (Reuters) - U.S stocks rallied for a third day on Thursday as more data pointed to a stabilizing economy and changes to a bank-accounting rule were seen as shoring up the volatile financial sector in the short term.

Another lift to sentiment came as leaders of the G20 announced an additional trillion dollars to support the International Monetary Fund and boost flagging trade.

Industrial, technology, consumer discretionary and energy stocks were the biggest gainers after government data showed U.S. factory orders rose in February for the first time in seven months, adding to positive economic news earlier in the week.

General Electric, which not only has customers around the world and a large finance arm, but also operates businesses closely linked to the economic cycle, rose nearly 6 percent.

"There's definitely signs that the degree of free fall (in the economy) has declined substantially. We're definitely seeing bounces off the bottom in different areas," said David Kreinces, portfolio manager at ETF Portfolio Management in Newbury Park, California.

"The bottom over the next six months, should it hold, could present a very fast-moving up market, like we've seen over the past month. That presents the biggest risk to investors as missing the start of the next bull market."

The Dow Jones industrial average jumped 216.48 points, or 2.79 percent, to 7,978.08. The Standard & Poor's 500 Index rose 23.30 points, or 2.87 percent, to 834.38. The Nasdaq Composite Index leaped 51.03 points, or 3.29 percent, to 1,602.63.

Thursday's rally helped the S&P 500 rise 23.3 percent from 12-year lows reached early last month and cut its year-to-date losses to around 7.6 percent.

The Dow traded above 8,000 for the first time since early February on an intraday basis.

Financial shares, a key driver of the recent rally, rose on bets for an improving global economy and the relaxation of accounting rules, which have shaken financial institutions with hefty write-downs.

Shares of Bank of America climbed 2.7 percent to \$7.24 while Citigroup rose 2.2 percent to \$2.74 and Wells Fargo & Co gained 5.9 percent to \$15.33. An index of S&P financial stocks added 2.9 percent.

The Nasdaq is now up more than 1.6 percent for the year.

"There seems to be a sense that perhaps we have reached bottom and we're turning to the upside," said Bucky Hellwig, senior vice president at Morgan Asset Management in Birmingham, Alabama.

But he cautioned: "I don't think everyone is willing to embrace that, though, because we still have potential risks going through the rest of the month," noting key employment data out on Friday.

The industrial sector ranked among the top gainers in a broad-based rally as U.S. data showed new orders received by factories rose 1.8 percent in February after a 3.5 percent drop in January, breaking six months of declines and boosting hopes of a start to climbing out of recession.

The data followed on the heels of positive news on Wednesday from manufacturers and car makers.

Shares of construction, mining and forestry machinery manufacturer Caterpillar jumped 8.8 percent to \$31.54 while aerospace technology provider United Technologies Corp climbed 4.7 percent to \$45.94.

In the consumer discretionary sector, Tiffany & Co shot up 6.8 percent to \$23.34 and Walt Disney Co surged 7.6 percent to \$20.21.

Shares of IBM, which rose 3.3 percent to trade above \$100 for the first time since early October, contributed the most to the Dow's advance. IBM ended at \$100.82, up \$3.21.

Chevron gave another major boost to the blue-chip Dow industrials, up 2.9 percent at \$70.31, as crude oil futures shot up nearly 9 percent to \$52.64 a barrel on optimism for an economic recovery.

Shares of General Electric rose 5.6 percent to \$10.74.

Trading was active on the New York Stock Exchange, with about 1.87 billion shares changing hands, above last year's estimated daily average of 1.49 billion, while on Nasdaq, about 2.75 billion shares traded, above last year's daily average of 2.28 billion.

Advancing stocks outnumbered declining ones on the NYSE by a ratio of about 7 to 1, while on the Nasdaq, nearly four stocks rose for every one that fell.