Most U.S. stocks rose, after the biggest first-quarter rally since 1998 for the Standard & Poor’s 500 Index, as stronger-than-forecast growth in manufacturing offset an unexpected decline in construction spending.

Freeport-McMoRan Copper & Gold Inc. (FCX) and Alpha Natural Resources Inc. (ANR) jumped more than 1.8 percent, pacing gains among commodity shares. Avon Products Inc. (AVP) surged 17 percent after Coty Inc. offered to acquire the door-to-door cosmetics seller. Groupon Inc. sank 12 percent after the company said fourth-quarter sales were lower than previously stated. Amazon.com Inc. (AMZN) fell 2.3 percent as the largest Internet retailer was cut at Bank of America Corp.

About four stocks advanced for every three that declined on U.S. exchanges at 10:43 a.m. New York time. The S&P 500 rose 0.1 percent to 1,410.07. The Dow Jones Industrial Average lost 14.95 points, or 0.1 percent, to 13,197.09 today.

“Certainly the manufacturing side has been the strength of our economy and the exporting has been huge -- that’s what has sustained us the past several years,” Barry James, who helps oversee $3.3 billion as president of James Investment Research in Xenia, Ohio, said in a telephone interview. “Here in the United States, things have stabilized. If it weren’t the rest of the world, we’d be OK. The problem we see that’s likely to unfold later this year is Europe.”

Manufacturing Report

Manufacturing in the U.S. expanded at a faster pace than forecast in March, a sign that the industry is weathering slower global growth. The Institute for Supply Management’s factory index rose to 53.4 in March from 52.4 a month earlier, the Tempe, Arizona-based group’s data showed. Fifty is the dividing line between growth and contraction. Economists surveyed by Bloomberg News projected the gauge would climb to 53.

Construction spending decreased 1.1 percent in February, government data showed, compared with the median economist forecast for growth of 0.6 percent.

The S&P 500 rose 12 percent in the first quarter as economic data surpassed estimates and investors speculated that the euro area would contain its sovereign-debt crisis. The benchmark measure advanced 3.1 percent in March, its fourth straight monthly increase for the gauge’s longest streak of monthly gains since 2009.

Commodity shares rose the most among 10 groups in the S&P 500. Freeport-McMoRan jumped 1.8 percent to $38.73. Alpha Natural, a coal producer, surged 3.5 percent to $15.74.

Avon surged 17 percent to $22.64. Coty said it has submitted a non-binding proposal to acquire the company for $23.25 a share in cash. The purchase price represents a premium of about 27 percent over the three-month average weighted price for Avon shares, Coty said in a statement.

Groupon tumbled 12 percent to $16.20 after the largest provider of daily deals online reported a “material weakness” in its financial controls and said fourth-quarter revenue was lower than it had stated because of...
higher refunds to merchants.

Amazon.com fell 2.3 percent to $197.83. The largest Internet retailer was cut to neutral from buy at Bank of America Corp.

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