Shares rose sharply but failed to recapture steep losses in the previous session, as conflicting reports on Europe's debt crisis whipped the market around during Tuesday's final trading hour.

The Dow Jones Industrial Average seesawed from steep losses to big gains in a volatile session before finishing up 180.05 points, or 1.6%, to 11,577.05. The rally came after the blue-chip index dropped 247 points Monday. The measure is up 6.1% this month and nearly flat for the year, off less than 0.01%.

The Standard & Poor's 500-stock index gained 24.52 points, or 2%, to 1,225.38. Each of the index's 10 sectors rose, led higher by strong gains for financial and energy stocks. The technology-heavy Nasdaq Composite rose 42.51 points, or 1.6%, to 2,657.43, its ninth gain in the last 11 sessions.

The action underscored the volatile moves that have plagued the market for months. Swings of more than 1% have been commonplace since the summer, as investors have weighed how European leaders are reacting to the region's debt woes.

For Tuesday, the market received a jolt higher in the final hour of trading after the Guardian reported France and Germany agreed to increase the size of Europe's rescue package to more than €2 trillion ($2.7 trillion). The Dow rose as high as 255.74 points on an intraday basis.

But the report was almost immediately contradicted by Dow Jones Newswires, which reported European officials are still debating the size of the euro zone's bailout fund, according to an official familiar with the negotiations. The notion that an agreement has been reached to leverage the fund to €2 trillion is "totally wrong," the official said.
"It seems events out of the euro zone trump everything else of late," said Ted Weisberg, president at Seaport Securities. "If the message out of Europe remains upbeat, it will be a positive for the market."

Still, investors found clarity that European leaders appear to be taking substantive actions ahead of this weekend’s summit to combat the region’s debt crisis.

"Market participants are feeling much better about the clarity in Europe, at least in the short term," said Brad Thompson, chief investment officer at Stadion Money Management. "But it’s way too early to say that we’re out of the woods. There are still a lot of issues that need to be resolved."

Tuesday’s gains came after earnings reports from several blue-chip companies presented a mixed picture.

**Bank of America** was the biggest gainer among the blue chips, rising 61 cents, or 10%, to $6.64, after the lender reported third-quarter earnings that exceeded expectations. Investors assessed the impact of several large one-time charges, asset sales and accounting moves tied to the market’s low confidence about the bank’s debt.

**Goldman Sachs Group** gained 5.35, or 5.5%, to 102.25, even after the investment bank registered just its second quarterly loss since becoming a public company in 1999. Revenue fell 60% from year-earlier levels.

"I’m pleasantly surprised that the market’s in as good a shape as it is right now," said Phil Orlando, equity strategist at Federated Investors. "We’re not crushing it on earnings, but we are seeing more beats than misses."

Conversely, **International Business Machines** was one of only two Dow components that finished in the red. The stock fell 7.69, or 4.1%, to 178.90, after the technology-services and -hardware company’s third-quarter revenue fell short of expectations. The total for service contracts signed by customers appeared to disappoint investors. The blue-chip Dow would have been even higher if it weren’t for IBM’s stock decline, which lopped off 58 points from the price-weighted index.

**Apple** shares rose 2.25, or 0.5%, to 422.24. But the stock fell in after-hours trading as the company’s quarterly earnings and revenue fell short of analysts' expectations.

*Home builder stocks got a boost after a report showed home builders’ sentiment rose to the highest level in 17 months. **Beazer Homes** jumped 10 cents, or 5.7%, to 1.87, while **Toll Brothers** gained 1.93, or 13%, to 17.07.** **KB Home** rose 73 cents, or 12%, to 7.02, and **Standard Pacific** advanced 30 cents, or 11%, to 2.91."

On the economic front, U.S. wholesale prices rose across the board last month, pointing to inflation pressures that could limit the Federal Reserve’s leeway in providing more stimulus to a weak economy.

In other corporate news, **Coca-Cola** fell 26 cents, or 0.4%, to 66.74, even after the blue-chip soft-drink company’s third-quarter earnings and revenue came in just above expectations.

**Johnson & Johnson** shares rose 63 cents, or 1%, to 64.42, after the company reported better-than-expected earnings. Favorable currency-exchange rates helped lift Johnson & Johnson’s quarterly sales.

**Crocs** tumbled 10.49, or 39%, to 16.15; the footwear maker lowered its earnings and revenue outlook for the third quarter.

**VMware**'s third-quarter earnings more than doubled on demand growth across all its products. Shares rose 7.34, or 8.2%, to 96.86, as the software maker continues to position itself as a provider of key technology for "cloud" computing.

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