

# Home, Stock Prices Boost U.S. Confidence

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AP Economics Writers

WASHINGTON — Americans are more confident in the U.S. economy than at any point in the past five years, thanks to surging home values, a brighter job market and record-setting stock prices.

Stock averages on Tuesday extended the year's explosive rally.

Further gains in consumer confidence could help the economy withstand the effects of higher taxes and federal spending cuts that kicked in this year. Spending by consumers drives about 70 percent of economic growth.

Consumer confidence jumped in May to 76.2, the Conference Board, a private research group, said Tuesday. That was up from a reading of 69 in April and is the highest level of confidence since February 2008, two months after the Great Recession officially began.

A separate report Tuesday showed that U.S. home prices jumped 11 percent in March compared with a year ago, the sharpest 12-month increase since April 2006. Prices rose year over year in all 20 cities in the Standard & Poor's/Case Shiller home price index.

The reports helped fuel a powerful rally on Wall Street. Traders were also encouraged

by gains in overseas markets, especially in Japan and Europe.

The Dow Jones industrial average was up 148 points, about 1 percent, in early-afternoon trading. Broader stock indexes also jumped. The Dow has rocketed 18 percent this year.

Surging stock prices and steady home-price increases have allowed Americans to regain the \$16 trillion in wealth they lost to the Great Recession. Some economists have said the increase in home prices alone could boost consumer spending enough to offset a Social Security tax increase that's reduced paychecks for most Americans this year.

Thomas Feltmate, an economist with TD Economics, said cheaper gas has also helped consumers shrug off the higher Social Security tax.

And the Conference Board survey said consumers are also more optimistic about the next six months. That should translate into greater consumer spending, substantial growth in hiring and faster economic growth in the second half of 2013, Feltmate said.

The economy has added an average of 208,000 jobs a month since November. That's well above the monthly average of 138,000 during the previous six months. The job growth has helped reduce the unemployment rate to a four-year low of 7.5 percent.

Some of the decline in unemployment is

due to fewer people looking for work. The government counts people as unemployed only if they're actively searching for a job.

The economy grew at an annual rate of 2.5 percent in the January-March quarter, up from a rate of just 0.4 percent in the October-December quarter. The fastest expansion in consumer spending in more than two years drove the economy's growth.

Many economists think growth is slowing slightly in the April-June quarter to an annual rate between 2 percent and 2.5 percent. But many analysts say growth should strengthen in the second half of this year, boosted by the gains in housing and employment.

A key reason the Case Shiller index of home prices jumped in March was that a growing number of buyers were bidding on a tight supply of homes.

Prices rose in Phoenix by 22.5 percent over the past 12 months, the biggest gain among cities. It was followed by San Francisco (22.2 percent) and Las Vegas (20.6 percent).

"Rising home prices may begin to alleviate a lack of housing inventory ... by encouraging more homeowners to put their properties on the market," Maninder Sibia, an economist with Economic Advisory Service, said in a research note. "The housing market is clearly improving."

## Derailment, Blast Near Baltimore Rattles Homes

BY BEN NUCKOLS  
Associated Press

ROSEDALE, Md. — A CSX freight train crashed into a trash truck and derailed Tuesday in a Baltimore suburb and the explosion that followed rattled homes at least a half-mile away, sending a plume of smoke into the air that could be seen for miles, officials and witnesses said.

The train went off the tracks at about 2 p.m. in Rosedale, a Baltimore eastern suburb. Hazmat teams were on the scene, but Baltimore County Fire Chief John J. Hohman said at a news conference that no toxic inhalants were burning and officials did not order an evacuation. The truck driver was taken to the hospital in serious condition and two CSX workers aboard weren't hurt, fire officials said.

Dale Walston said he lives about a half-mile away and that he thought he could smell chemicals.

"It shook my house pretty violently and knocked things off the shelves," he said in an email to The Associated Press.

Even an hour after the blast, the thick plume of black smoke drifted across the Baltimore city line and covered the eastern part of the city. The face of one warehouse near the train tracks blew off.

CSX spokesman Gary Sease said in an email that sodium chlorate is on one of the trains, which the Department of Transportation classifies as a hazardous material. However, Hohman said the chemical is not in one of the cars that was still burning into the evening. The bleaching agent is used in making paper.

Earlier, fire officials had said buildings had collapsed, but Hohman modified that to say two warehouses were heavily damaged by the explosion and other buildings were harmed, but none collapsed.

An Amtrak spokeswoman said its North-



Plumes of smoke from a cargo train that derailed fills the sky Tuesday in Rosedale, Maryland.

KIM HAIRSTON/BALTIMORE SUN/MCT

east Corridor service is not being affected.

Kevin Lindemann, 29, a salesman for industrial pipe supplier Baltimore Windustrial near the tracks, said he and about 10 co-workers felt the ground shake, ran to a window and saw several cars on their sides and flames he estimated were 50 feet high.

"You could feel the heat as soon as you walked out the door," Lindemann said.

"We kind of panicked pretty quick," he said. "We didn't wait around to see what was

happening. So as soon as we saw the flames I took a quick picture and got in my truck and drove away. I wasn't sticking around for the explosion."

Everyone left the building and drove several blocks away. Then they heard the explosion, five to 10 minutes after the derailment, he said.

"Even like three blocks away, it was loud. I mean, it just about took you to your knees," Lindemann said.

## Syria Diplomacy A Priority, Despite EU Arms Vote

BY KARIN LAUB  
AND JAMEY KEATAN  
Associated Press

BEIRUT — Russia on Tuesday harshly criticized Europe's decision to allow the arming of Syrian rebels, saying it undercuts international efforts to negotiate an end to the civil war, and a rebel general said he's "very disappointed" weapons won't come fast enough to help opposition fighters defend a strategic Syrian town.

The European Union decision, coupled with a Russia's renewed pledge to supply Syrian President Bashar Assad's regime with advanced missiles, could transform an already brutal civil war into an East-West proxy fight. Israel, meanwhile, threatened to strike such air defense missile systems if delivered to Syria, portraying them as a threat to the Jewish state and raising the risk of regional conflagration.

The possibility of an arms race in Syria overshadowed attempts by the U.S. and Russia to bring representatives of the Assad regime and Syria's political opposition to peace talks at an international conference in Geneva, possibly next month.

The talks, though seen as a long shot, constitute the international community's only plan for ending the conflict that began more than two years ago and has killed more than 70,000 people.

In Syria, the commander of the main Western-backed umbrella group of rebel brigades told The

"We are very disappointed. We don't have any patience (any) more."

SALIM IDRIS

Associated Press he urgently needs Western anti-tank and anti-aircraft missiles to prevent further regime gains on the battlefield. The rebels' weapons are no match for the Syrian regime's modern tanks and warplanes, he said.

"We are very disappointed," Gen. Salim Idris, military chief of the Free Syrian Army, said of the European Union's apparent decision not to send weapons, if at all, until after the Geneva conference. "We don't have any patience (any) more."

In any case, Europe might think twice about sending such weapons into a chaotic war zone where they could quickly be seized by Islamic militant rebels, some of whom have pledged allegiance to the al-Qaida terror network.

Britain, which along with France had pushed for ending the EU arms embargo, wants to use the threat of arming the rebels as leverage to ensure that Assad negotiates in good faith.

Syria's fractured opposition, which has not yet committed to the Geneva talks, could also be lured to the table if attendance is linked to receiving weapons in the event that talks fail. Opposition leaders have said they will only participate in talks if Assad's departure from power tops the

agenda, a demand Assad and his Russian backers have rejected.

British Foreign Secretary William Hague said peace talks are a priority and that "as we work for the Geneva conference, we are not taking any decision to send arms to anyone."

However, Russian Foreign Minister Sergey Lavrov warned that recent actions by the West "willingly or unwillingly are undermin-

ing the idea of the conference." He denounced the lifting of the EU arms embargo as an "illegitimate decision," saying that supplying weapons to non-governmental groups "goes against all norms of international law."

At the same time, Lavrov's deputy affirmed Tuesday that Russia won't abandon plans to send long-range S-300 air defense missile systems to Syria, despite strong Western and Israeli criticism. It is not clear if Russia has already sent some of the missiles, which would be a major boost for Syria's air defense capabilities, including against neighboring countries that oppose Assad's regime.

## U.S. Official Promotes Relations In China

BEIJING (AP) — U.S. National Security Adviser Tom Donilon pushed Tuesday for stronger military relations with China, on the final day of a visit to Beijing to set the stage for a summit next month between President Barack Obama and China's Xi Jinping.

Nontraditional military activities such as peacekeeping, disaster relief and anti-piracy operations offer opportunities to boost cooperation and "contribute to greater mutual confidence and understanding," Donilon told Gen. Fan Changlong, a vice chairman of the commission overseeing China's armed forces.

A "healthy, stable, and reliable military-to-military relationship" is an essential part of overall China-U.S. ties, Donilon said at the start of the meeting at China's hulking Defense Ministry building in central Beijing.

Donilon met with a range of Chinese officials over two days to hammer out plans for the June 7-8 summit, the first face-to-face meeting between the presidents since Obama's re-election and Xi's promotion to Communist Party chief last November.

Their informal summit at the private Sunnylands estate of the late publishing tycoon Walter Annenberg in southern California will come months before the two leaders had been originally scheduled to meet, underscoring concerns that the U.S.-China relationship was drifting.

## 7 Charged In \$6B Money-Laundering Operation

NEW YORK (AP) — Calling it perhaps the biggest money-laundering scheme in U.S. history, federal prosecutors charged seven people Tuesday with running what amounted to an online, under-world bank that handled \$6 billion for drug dealers, child pornographers, identity thieves and other criminals around the globe.

The case was aimed at Liberty Reserve, a currency-transfer and payment-processing company based in Costa Rica that authorities say allowed customers to move money anonymously from one account to another via the Internet with almost no questions asked.

U.S. officials said the enterprise was staggering in scope: Over roughly seven years, Liberty Reserve processed 55 million illicit transactions worldwide for 1 million users, including 200,000 in the U.S.

The network "became the bank of choice for the criminal underworld," U.S. Attorney Preet Bharara said in announcing the unsealing of an indictment against the defendants, including Liberty Reserve founder Arthur Budovsky, an American who renounced his U.S. citizenship after deciding to set up in Costa Rica.

Liberty Reserve allowed users to open accounts using fictitious names, including "Russian Hacker" and "Hacker Account." One person was registered under the name of "Joe Bogus" and the address "123 Fake Main Street" in "Completely Made Up City, New York."

## 1 Suspect In Soldier Slaying Out Of Hospital

LONDON (AP) — One of two suspects shot by police following the slaying of a British soldier in London last week has been released from the hospital and taken to a police station for questioning, police said Tuesday.

The release came as new details emerged about links between the other main suspect and a radical Islamic cleric in Kenya who had been sanctioned by the United States for being part of a terrorist network.

The case centers on the brazen killing of off-duty soldier Lee Rigby, 25, who was slain by two men wielding knives and meat cleavers near his barracks in southeast London's Woolwich area. The two suspects were shot by police and arrested on suspicion of murder.

The younger suspect, 22-year-old Michael Adebowale, was judged well enough to be released from the hospital and taken into police custody. Police said he is also suspected of attempted murder of a police officer.

The other suspect, Michael Adebolajo, 28, remains in a hospital in stable condition under armed guard. He was seen on a video boasting about the killing minutes after the attack. His family on Tuesday released a statement of condolence to Rigby's family, expressing horror and distress over the killing.

## Judge: No Mention Of Martin's Troubled Past

SANFORD, Fla. (AP) — Attorneys won't be able to mention Trayvon Martin's drug use, suspension from school and past fighting during opening statements at the trial of a former neighborhood watch volunteer who fatally shot the teen, a judge ruled Tuesday.

However, Circuit Judge Debra Nelson left open the possibility that the defense could try again later during the trial if it could show relevance.

George Zimmerman is charged with second-degree murder in the 17-year-old's killing and has pleaded not guilty, saying he acted in self-defense. He did not attend Tuesday's hearing.

In another key motion Nelson refused to allow jurors to travel to the shooting scene during trial, and rejected a defense request to delay the trial set to begin June 10.

The judge called the request to let jurors see the crime scene "a logistical nightmare."

## Rare Twin Giraffes Born In Central Texas

NEW BRAUNFELS, Texas (AP) — Officials with a Central Texas wildlife refuge say twin giraffes have been born, marking just the second time such a birth has occurred in the U.S.

Female calf Wasswa was born first May 10, followed by brother Nakato. Officials with the Natural Bridge Wildlife Ranch waited until Tuesday to announce the births to ensure the calves would survive.

Ranch spokeswoman Melissa Welch says Wasswa and Nakato are the only set of living giraffe twins in the U.S. A previous set was born in 1988 but have since died.

Welch says most twin giraffes are stillborn or have to be aborted. Wasswa and Nakato are reticulated giraffes, one of the most common species.

They'll stay at the privately owned ranch outside New Braunfels for public viewing.

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