

Markets Tuesday

Lower oil prices boost stocks; Fed helps

By Matt Krantz
USA TODAY

A decline in oil prices on Tuesday sparked a rally on Wall Street, and it kept going after the Federal Reserve said it will keep short-term interest rates steady.

The Dow Jones industrial average rose 331.62 points, or 2.9%, to 11,615.77. That's the biggest single-day point increase since April 1.

Stocks initially rose as investors digested data showing that the services sector of the economy shrank less than expected in July. Meanwhile, oil prices fell \$2.24 a barrel to \$119.17 after briefly falling as low as \$118. Oil was as high as \$147 on July 11.

The Fed's widely anticipated move to keep its key interest rate at 2% reassured investors. The rate has been at 2% since April.

The Standard & Poor's 500 index rose 35.87 points, or 2.9%, to 1284.88, due mostly to gains of stocks in the tires and rubber, construction materials and insurance industries. Tech stocks also participated, with the tech-heavy Nasdaq

NYSE		Nasdaq	
Advances	2,384	Advances	1,957
Unchanged	78	Unchanged	129
Declines	784	Declines	909
New highs	48	New highs	41
New lows	81	New lows	89
Volume (in millions)		Volume (in millions)	
Up	4,318	Up	1,975
Down	1,021	Down	331
Total	5,354	Total	2,318

composite index rising 64.27 points, or 2.8%, to 2349.83. The USA TODAY Internet 50 index rose 3.84 points, or 2.9%, to 134.26.

Investors "were looking for a reason to rally," says Karl Mills of Jurika Mills and Keifer. Lower oil prices provided that reason. He says many investors who loaded up on commodities when they were rising are selling now to buy stocks.

Investors hope the Fed will resist the temptation to boost interest rates long enough to give the economy time to heal, he says.

But Mills says a one-day rally in a vol-

atile market is "knee-jerk and not signaling much."

For one thing, oil prices are falling largely because global economies are slowing, and that's not necessarily a good thing for stocks, he says.

And stock markets remain weak despite the rally. The Dow Jones industrial average is down 12.4% this year and is lower than it was on July 23. The S&P 500 and Nasdaq are down 12.5% and 11.4% respectively this year.

Investors need to keep their emotions in check as markets post 100-point swings, says Alan Haft, president of financial planning firm Haft Financial.

While the Fed doesn't appear ready to raise interest rates imminently, that likely will change, he says. "Proceed with caution. Don't panic. But don't throw all your money back into the market after one good day, either," he says.



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