

## Big rally on Wall Street

**Major indexes jump after two tough sessions as investors scoop up a variety of shares; rate cut bets remain in place.**

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September 11 2007: 4:14 PM EDT

NEW YORK (CNNMoney.com) -- Stocks rallied Tuesday, as investors stepped back in after two tough sessions marked by worries about the economy and interest rate policy ahead of next week's big Fed meeting.

Investors took in stride a morning speech from Federal Reserve Chairman Ben Bernanke, as it did not touch on interest rate policy.

The Dow Jones industrial average (up 182.09 to 13,309.94, [Charts](#)) added 180 points, or about 1.4 percent, according to early tallies. The broader S&P 500 (up 19.56 to 1,471.26, [Charts](#)) index gained 1.4 percent and the tech-fueled Nasdaq composite (up 37.81 to 2,596.92, [Charts](#)) rose 1.5 percent.

Treasury prices fell, boosting the corresponding yields. The dollar traded near an all-time low versus the euro and inched higher versus the yen. Oil prices closed at an all-time high above \$78 a barrel and gold prices rose.

Here's a look at what was moving near the close.

Strong global markets, upbeat news from McDonald's and Ericsson and a recovery in financials and other recently battered sectors all contributed to a stock advance Tuesday.

"What I like is that the advance you're seeing is fairly broad, with energy, technology and a lot of sectors doing well," said John Wilson, chief technical analyst at Morgan Keegan.

Investors were also perhaps willing to step back in after two rough days. Stocks plunged Friday following a weak August jobs report. Monday was very choppy after comments from a slew of Fed officials seemed to cool bets that the central bank will announce a big interest rate cut at next week's policy meeting.

Investors looking for further clues about Fed policy found no guidance in a Tuesday morning speech from Bernanke. Speaking to the German central bank, the Fed chairman discussed the history of the global savings glut and developments in current account imbalances.

Whether the central bank cuts interest rates by a half-percentage point, as some investors are hoping, or a quarter-percentage point, investors may just be glad if the Fed cuts rates at all next week, Wilson said.

"It just seems like the general feeling is that they are setting the stage to do something," Wilson said.

Stocks have been particularly volatile over the past few weeks, as investors have worried about how the credit crisis, rise in mortgage defaults and housing collapse will hit consumer spending and the broader economy.

"The consumer has led the economy for the better part of 50 quarters, so the worry is that this could be the next shoe to drop after the slowdown in housing," said J.J. Burns, president of J.J. Burns and Company.

Stock market trading will remain volatile through next week's Fed meeting, Burns said, and through the end of the quarter.

Tuesday also marks the six-year anniversary of Sept. 11. The New York Stock Exchange, located just blocks away from the site of the terror attacks, never opened for trading that day. Markets remained shuttered for the rest of the week, the longest closing of the NYSE since World War II.

When financial markets reopened on Monday Sept. 17, the Dow Jones Industrials tumbled by 684.81 points, the biggest one-day point drop of all time, for a decline of 7.1 percent.

U.S. stock gains were broad based Tuesday, with 26 out of 30 Dow issues rising, led by McDonald's (up \$1.62 to \$51.77, Charts, Fortune 500).

The fast-food retailer reported that August sales at stores open a year or more rose 8.1 percent, versus forecasts for a rise of 3.7 percent.

Other big Dow gainers included Boeing (up \$2.00 to \$97.33, Charts, Fortune 500), Hewlett-Packard (up \$0.74 to \$49.74, Charts, Fortune 500), Home Depot (up \$1.05 to \$34.86, Charts, Fortune 500), Intel (up \$0.32 to \$25.67, Charts, Fortune 500), JP Morgan (up \$0.47 to \$44.40, Charts, Fortune 500) and General Motors (up \$1.15 to \$30.36, Charts, Fortune 500).

Ericsson (up \$2.00 to \$38.25, Charts) rallied after its CEO said that the company is gaining market share and that the global market for wireless network technologies will grow about 5 percent this year, Reuters reported.

Sun Microsystems (Charts, Fortune 500) climbed 4 percent in active Nasdaq trade after introducing new software for managing virtual desktops.

And ImClone (up \$6.94 to \$44.87, Charts) jumped 20 percent in active Nasdaq trading after test results showed its drug Erbitux improved survival rates of lung cancer patients. Partner Bristol-Myers Squibb (up \$0.21 to \$28.21, Charts, Fortune 500) was little changed.

Market breadth was positive. On the New York Stock Exchange, winners topped losers 12 to 5 on volume of 1.28 billion shares. On the Nasdaq, advancers topped decliners 2 to 1 as 1.76 billion shares traded hands.

An industry report released Tuesday morning showed that the home price slump is expected to continue through 2008.

In other news, the July trade deficit narrowed to \$59.2 billion from an upwardly revised \$59.4 billion in the previous month. Economists expected a reading of \$59 billion, according to a survey by Briefing.com.

Strength in global markets gave a lift to U.S. stocks, with most Asian and European markets ending higher.

Treasury prices fell, raising the yield on the 10-year note to 4.36 percent from 4.32 percent late Monday. Bond prices and yields move in opposite directions.

In currency trading, the dollar fell versus the euro and rose against the yen.

U.S. light crude oil for October delivery rose 73 cents to settle at \$78.22 a barrel on the New York Mercantile Exchange, an all-time high. Trading was volatile after crude closed at its second-highest level on Monday, and after OPEC agreed to boost its daily oil production on Tuesday.

COMEX gold for December delivery rose \$8.90 to \$721.10 an ounce.