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-0.03%	▼ -0.52
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NASDAQ	2,683.45
+0.58%	▲ +15.50
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Bulls Stampede After Rate Cut

By [Robert Holmes](#)

TheStreet.com Staff Reporter

9/18/2007 4:42 PM EDT

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Updated from 4:11 p.m. EDT

Stocks in New York rallied sharply Tuesday after the **Federal Reserve** cut interest rates for the first time in more than four years.

The **Dow Jones Industrial Average** advanced 335.97 points, or 2.51%, to 13,739.39. The **S&P 500** climbed 43.13 points, or 2.92%, to 1519.78, and the **Nasdaq Composite** gained 70 points, or 2.71%, to 2651.66.

The rally ensued when Federal Open Market Committee, the Fed's policymaking arm, decided to lower the fed funds target rate by 50 basis points to 4.75%. Most analysts had expected a 25-point cut, so the surprise move boosted averages. It was the first rate reduction since June 2003.

In the accompanying statement, the Fed said the move was "intended to help forestall some of the adverse effects on the broader economy that might otherwise arise from the disruptions in financial markets and to promote moderate growth over time.

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"The tightening of credit conditions has the potential to intensify the housing correction and to restrain economic growth more generally," the statement read.

Steven Sheldon, principal with SMS Capital Management, said the phrasing meant officials didn't want to be accused of doing too little, too late.

"The Fed is acting to try and prevent the problems from spiraling any further," he said. "The Fed will now have to see where the bottom of the housing sector is before they know when to stop cutting rates."

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