

Wall St rallies on election day

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Wall Street stocks enjoyed their strongest election day rally on Tuesday since the exchange first opened for trading on days when Americans went to the polls.

The prospect of a clear winner helped lift the market as investors looked forward to strong political leadership to deal with the financial and economic crisis, ending months of uncertainty.

"There has been some discussion about a post-election rally," wrote [JPMorgan](#) in a note to clients. "Certainly, the next president will obviously prioritise revitalising a weakened US economy."

"It doesn't matter" for the market which candidate wins, said Gary **Hager** of Integrated Wealth Management, although the futures markets continued to indicate the strong likelihood of an Obama presidency.

By midday in New York the benchmark S&P 500 index had soared 4 per cent to 1,004.45 points, back above the psychologically significant 1,000 level. The Dow Jones Industrial Average was up 3.2 per cent at 9,620.58 points while the Nasdaq Composite Index took its winning streak to six straight sessions, up 3.3 per cent at 1,783.61 points.

The market gains were comfortably the biggest of all presidential election days since 1984. In prior years, the market was closed on the day of the ballot.

The Chicago Board Options Exchange Volatility Index, Wall Street's fear gauge, shed 16.7 per cent. At 44.72 it remained high by historic standards, but was nevertheless at its lowest level in a month.

Upbeat corporate earnings, further easing of strain in money markets, and the prospect of more policy measures to help prevent a global recession also gave a boost. All ten economic sectors were firmly in positive territory.

[MasterCard](#) helped momentum in financials, which stood 4.4 per cent higher overall. The credit card group jumped 14 per cent to \$164.06 by midday after beating analysts' third-quarter earnings forecasts.

Industrials also enjoyed positive earnings news. [Emerson Electric](#) gained 7.7 per cent to \$35.08 on the back of better-than-expected quarterly figures.

[Viacom](#) rose 5.8 per cent to \$22.31 after the owner of [MTV Networks](#) and Paramount movie studio disclosed a 37 per cent slump in third-quarter earnings that nevertheless beat expectations.

Elsewhere, [CIT Group](#) and [General Electric](#) jumped 33.9 per cent to \$6.05 and 8.6 per cent to \$20.95, respectively, on reports that the Treasury may buy stakes in a wide range of financial companies, not only banks and insurers, under its \$700bn rescue package.

In technology, [Google](#) and [Yahoo](#) edged up 5 per cent to \$363.78 and 3.8 per cent to \$13.23, respectively, on reports that the duo scaled back their proposed web advertising deal to win over antitrust officials.

IBM, which edged 0.4 per cent higher to \$92.97, protested Apple's decision to hire one of its former executives to work on its iPod and iPhone technology.

[Dean Foods](#) slumped 22.7 per cent to \$17.14 after the food group's results fell short of expectations. However, the figures failed to drag down either peer Kraft Foods or the wider consumer staples sector, which were higher by 2.1 per cent at \$29.92 and 2.3 per cent, respectively.

Stocks shrugged off glum economic news for the third straight session as data showed new factory orders fell by more than expected.

Also on the macroeconomic front, an interest rate cut in Australia sparked hopes of further policy measures from authorities around the world.

Meanwhile, debate continued to rage over which presidential candidate would be best for stocks. Jeffrey Kleintop, strategist at LPL Financial, wrote that the "uncertainty" caused if the incumbent party were to lose the White House could result in "greater risk aversion for corporate leaders in pursuit of earnings growth, and investors in the form of valuations".

However, he continued: "It is possible we could be entering a new era, given the weak market performance of the current decade."

Analysts remained divided on whether the market would extend its recent rally. Quincy Krosby, strategist at The Hartford, wrote in a note: "It's difficult to ascertain whether or not the rally has legs over the longer term, but certainly given the oversold condition in the market, it is quite clear that we can build on this rally toward the year-end."