



Wall Street shakes off some pain, but can rally last?

By Adam Shell, USA TODAY March 11, 2009

NEW YORK — The long-awaited relief rally finally arrived Tuesday on Wall Street, delivering a much-needed financial stimulus to profit-starved stock investors.

A day after sinking to nearly 13-year lows, the stock market rebounded more than 6% Tuesday — its biggest bounce since late November — as investors reacted to glimmers of hope in the beleaguered banking sector.

Driving the broad rally was news that [Citigroup](#), the battered banking giant, actually turned a profit in the first two months of 2009. Investors viewed that as a possible sign that the hard-hit financial sector is finally stabilizing, a condition that is necessary for the stock market and economy to begin the healing process, says Michael Farr, president of money manager Farr Miller & Washington.

Adding to the bullish tone, which has been largely absent most of the year, were hints from top lawmakers in both houses of Congress that the government may soon bring back a trading rule that will make it harder for traders who profit when stocks fall to inflict major carnage on individual stocks.

Investors also got a lift from Federal Reserve [Chairman Ben Bernanke](#), who suggested that the government may consider tweaking an accounting rule that has forced major banks to take massive write-downs in this financial crisis.

The good news gave investors hope that key ingredients needed to stoke a stock rally are falling into place. The Standard & Poor's 500 rallied 6.4% — its biggest gain since Nov. 24 — to 720, cutting its 2009 loss to 20.3%. The Dow Jones industrials rose 5.8% to 6926. The Nasdaq composite rallied 7.1%. The major indexes were severely oversold and primed for a bounce, says Todd Leone, trader at Cowen & Co.

But was the rally the start of a sustainable long-term stock rebound; the beginning of a powerful yet fleeting short-term rise; or simply a one-day wonder?

"I hope it's the beginning of something good, but one day won't do it," Leone says. He would like to see a 1,000-point rally in the Dow. "It's not out of the question," he says.

The market has had five rallies since October, ranging from 9% to 19%. Each time stocks fell to fresh lows.

"It's not an all-clear signal, but it's encouraging," says Farr of Tuesday's rally. "My anxiety is not disappearing. The economy is still contracting, unemployment is still rising and home prices are still falling."

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