

Dow Industrials Jump 380.53 to 8020.78

Point Gain Sets Record; Joy Is Muted

by E.S. Browning

A few words from Federal Reserve Chairman Alan Greenspan spurred major stock indexes to their biggest point gains in history yesterday.

Instead of celebrating, however, some professional investors warned that it is too soon to declare an end to the past seven weeks of declines.

The Dow Jones Industrial Average soared 380.53 points, or 4.98%, to 8020.78, its first close above 8000 since Aug. 28. The surge, which reversed three days of big-stock declines, was the biggest ever in point terms but less historic in percentage terms: It was the blue chips' biggest percentage gain since Oct. 21, 1987, two days after the 1987 crash, but only the 58th-largest percentage gain in history.

Among many professional investors, the joy was muted.

"Everyone was coming back from vacation and listening to Mr. Greenspan," said Bob Bissell, president and chief investment officer of Wells Capital Management, the fund-management arm of Wells Fargo & Co. He warned that investors' confidence in stocks has been undermined. "It is going to take time to rebuild that," he said, adding that investors shouldn't "read too much into a one-day bounce."

Following Mr. Greenspan's Friday hint that he would consider lowering interest rates if the international economic situation worsens, the broader Standard & Poor's 500-stock index, the Nasdaq Composite Index and the Russell 2000 small-stock index also notched their biggest point gains in history. The Nasdaq Composite, laced with both technology stocks and small stocks, also scored its biggest percentage gain since Oct. 21, 1987. The S&P 500's percentage gain was only the biggest since last year, however.

Treasury bonds, which have become a haven for nervous investors, fell as money poured back into stocks. The 30-year bellwether Treasury bond declined 1 1/32, or \$10.3125 per \$1,000 bond,

pushing the yield up to 5.35% -- still very low by historical standards. The dollar continued its slide. Currency analysts said some foreign investors, burned by the slide in the dollar and in U.S. stocks, were lightening up on their U.S. holdings.

The stock market gained most of its ground in the first hour of trading, apparently in hopes that the Fed would act to lower rates and stimulate the economy if the world economic situation deteriorates. Then, said Dan Mathisson, head stock trader, D.E. Shaw Securities, the market was relatively quiet until technology stocks started a sharp move upward just before 3 p.m. EDT. Traders in Chicago began bidding up futures contracts on the S&P 500, drug stocks moved up and the broad market surged a second time, pushing the indexes to their record point gains.

But just moments after he witnessed the historic gains, Mr. Mathisson was warning against reading too much into them.

"One day does not a bull market make," he said. "There's still a lot of wishful thinking out there. There's a lot of money waiting on the sidelines and people are looking for an opportunity to buy the dips. But I don't think there is any sense out there that the bad times are all behind us. It seems to be based more on psychological reasons than economics."

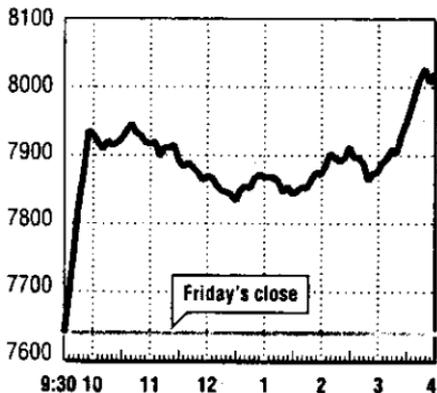
On paper, investors gained back about \$465 billion in total market value yesterday, as measured by the Wilshire 5000 index. The Wilshire 5000 includes about 7,600 stocks, or almost every publicly traded company with headquarters in the U.S., and its market value increased by about \$465 billion to \$10.3 trillion, according to Wilshire Associates, which measures the index. The average price of shares listed on the New York Stock Exchange rose \$1.74, or 4.55%, to \$39.98.

Big Board volume was 810.6 million shares, the 10th-busiest day in history.

The Volatile Stock Market Roars Back

Yesterday's Upward Drive ...

DJIA at 5-minute intervals yesterday



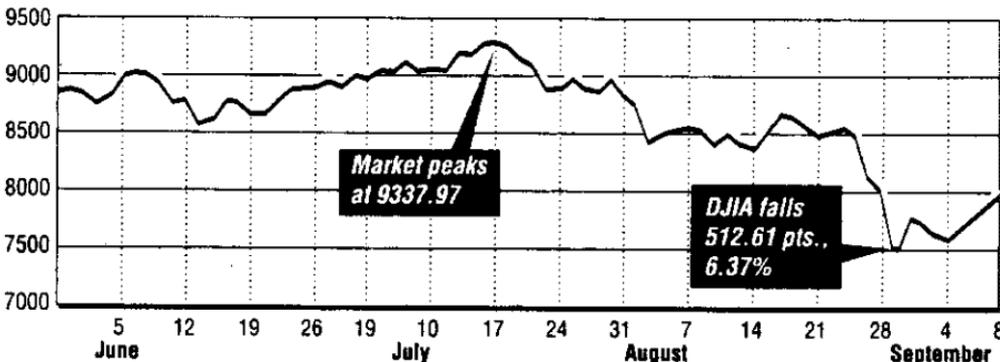
Was the Largest Point Rise Ever ...

The DJIA's 10 biggest point gains of all time*

RANK	DATE	CLOSE	PT. CHANGE	% CHANGE
1	Sept. 8, 1998	8020.78	380.53	4.98%
2	Oct. 28, 1997	7498.32	337.17	4.71
3	Sept. 1, 1998	7827.43	288.36	3.82
4	Sept. 2, 1997	7879.78	257.36	3.38
5	Nov. 3, 1997	7674.39	232.31	3.12
6	Feb. 2, 1998	8107.78	201.28	2.55
7	Dec. 1, 1997	8013.11	189.98	2.43
8	Oct. 21, 1987	2027.85	186.84	10.15
9	April 29, 1997	6962.03	179.01	2.64
10	Sept. 16, 1997	7895.92	174.78	2.26

... And Blue Chips Have Regained Some of Their Recent Losses

DJIA's daily closing value



Sources: WSJ Statistics, Telerate

*Yesterday's rise was 58th largest ever in percentage terms