

US stocks tumble following Fed rate decision to leave interest rates unchanged

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New York: The US stocks suffered big losses on Friday as the Federal Reserve's decision to leave interest rates unchanged triggered increasing concerns about a slowdown in global growth.

The Dow Jones Industrial Average dropped 289.95 points, or 1.74 percent, to 16,384.79. The S&P 500 shed 32.12 points, or 1.61 percent, to 1,958.08. The Nasdaq Composite Index slipped 66.72 points, or 1.36 percent, to 4,827.23, Xinhua news agency reported.

The US central bank held its benchmark rate near zero on Thursday, after concluding its two-day monetary policy meeting. With no major economic data due out Friday, traders were still digesting the Fed's statement.

According to the statement, the Federal Open Market Committee (FOMC) will assess both realized and expected progress toward its objective of maximum employment and 2 percent inflation in its consideration of when to raise the benchmark interest rate.

Most Fed officials still expect a first rate increase this year, Fed Chairwoman Janet Yellen said Thursday that 13 out of 17 Federal Reserve Board members and Federal Reserve Bank presidents are looking for a move in 2015.

Some analysts believed that fears about global growth set the tone after the Fed delayed normalizing monetary policy.

Overseas stock markets largely declined Friday, dampening investor sentiment.

European shares ended sharply lower, with Germany's benchmark DAX index at Frankfurt Stock Exchange diving 3.06 percent, as the US central bank's rate decision highlights a weak global economy.

In Asia, Tokyo equities also plunged on Friday on the back of renewed strength in the yen, with the 225-issue Nikkei Stock Average dropping 1.96 percent.

For the week, the blue-chip Dow fell 0.3 percent, and the broader S&P 500 lost 0.2 percent, while the tech-heavy Nasdaq edged down 0.1 percent.

The CBOE Volatility Index, often referred to as Wall Street's fear gauge, rose 5.39 percent to end at 22.28 on Friday.

In other markets, oil prices extended losses on Friday although the US energy firms cut oil rigs for a third week in a row this week.

The West Texas Intermediate for October delivery moved down \$2.22 to settle at \$44.68 a barrel on the New York Mercantile Exchange, while Brent crude for November delivery decreased \$1.61 to close at \$47.47 a barrel on the London ICE Future Exchange.

The US dollar rose against most other major currencies on Friday, a day after the Federal Reserve kept interest rates unchanged, as worries about a slowdown in global growth weighed on market.

In late New York trading, the euro fell to \$1.1351 from \$1.1405 in the previous session, while the dollar bought 119.83 Japanese yen, lower than 120.16 yen of the previous session.

Gold futures on the COMEX division of the New York Mercantile Exchange surged Friday following the US central bank's decision to keep interest rate unchanged a day earlier.

The most active gold contract for December delivery rose \$20.8, or 1.86 percent, to settle at \$1,137.8 per ounce.

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