

# Rates talk takes toll on US stocks

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Federal Reserve governor Daniel Tarullo has signalled openness to a rate rise.

WALL Street stocks on Friday suffered their sharpest losses since the Brexit vote after Federal Reserve officials signalled they could raise interest rates as soon as this month.

The losses were broad-based, hitting industrials and energy shares especially hard, after Boston Fed president Eric Rosengren said higher rates were needed to prevent the economy overheating.

A second Fed official, governor Daniel Tarullo, signalled openness to a rate rise in 2016 in an interview with CNBC.

“Given the European Central Bank commentary yesterday as well as some Fed speakers today, it appears more likely that the Fed and the world is closer to lessening the amount of easy money,” said David Levy of Republic Wealth Advisors.

The Dow Jones Industrial Average fell nearly 400 points, or 2.1 per cent to 18,085.45.

The broad-based S&P 500 shed 2.5 per cent to 2127.81, while the tech-rich Nasdaq Composite Index dropped 2.5 per cent at 5125.91.

US stocks have rallied to records in the past two months after plunging following the June 23 British vote to exit the European Union.

<http://www.perthnow.com.au/business/rates-talk-takes-toll-on-us-stocks/news-story/cc373de8924428865f4933cac918d384>

