

THE WALL STREET JOURNAL.

August 29, 2008, 12:14 pm

As Markets Slide, Weekend Beckons

Posted by David Gaffen

One gets the sense that investors are already starting to look to the weekend. Traders spoken to say the political news is dominating the chatter, and the market's downward drift this morning serves as extra motivation to close out positions and ready for the three-day weekend, which brings worry in the form of Gustav, which is expected to hit the Gulf Coast at the end of the weekend.

The Dow is down by more than 100 points and oil is up again on the news. "People don't want to be messing around with a potential hurricane and whatever else is out there," says **Joseph Saluzzi**, co-head of equity trading at **Themis Trading**.

The pre-Labor Day week has been one of light trading, although activity was a bit stronger than anticipated on Wednesday and Thursday, says Stephen Carl, head trader at Williams Capital. Economic data was mixed Friday — consumer spending slowed and a key measure of inflation rose, but the Chicago-area index on manufacturing conditions rose.

"The market really stayed down, though," says Mr. Carl. "Oil's up, with the possibility of the shutdowns in the Gulf."

Crude oil has risen to \$117.17 a barrel, up \$1.58 a barrel on the New York Mercantile Exchange, and natural gas rose 14.6 cents to \$8.196 per million British thermal units. RBOB gasoline gained 2.4 cents to \$3.0455 per gallon. In a report today, CIBC analyst Jeffrey Rubin warned that supply disruptions similar to those seen following hurricanes Katrina and Rita in 2005 could send gasoline prices to new record highs — possibly to \$5 a gallon.

The storm will have more and bigger offshore energy targets to hit than the 2005 hurricanes did if it sticks to its current path. There are now six platforms producing more than 100,000 barrels a day, compared with two in 2005.