

## Dow Jones Newswires

### US stocks fall as Congress debates Treasury bailout plan

Rob Curran | *September 24, 2008*

US stocks fell and broad indices came within sight of their bear-market depths as top officials failed to assuage economic fears.

"People want to hear some concrete news on the (bailout) plan," said **Joe Saluzzi**, co-founder of **Themis Trading**. "If anything, it seems like they've still got some work to do. That gives you more uncertainty, and the thing Wall Street hates most is uncertainty."

The Dow Jones Industrial Average fell 161.52 points, or 1.47 per cent, to 10854.17, about 245 points from its lowest close of the year last Wednesday. The broad Standard & Poor's 500 fell 18.87 points, or 1.56 per cent, to 1188.22, around 32 points from its nadir. The Nasdaq Composite fell 25.64 points, or 1.18 per cent, to 2153.34.

As legislators debated the \$US700 billion (\$840 billion) rescue, Senate Banking Committee chairman Christopher Dodd said the plan was "not acceptable," despite pleas for urgent action by Federal Reserve chairman Ben Bernanke and Treasury Secretary Henry Paulson.

"Investors are beginning to fear that the bailout plan, as described on Thursday night and Friday, may be falling prey to politics," said Kevin Giddis, analyst at Morgan Keegan.

Mr Bernanke warned that despite unprecedented steps already taken in the crisis, global financial markets "remain under extraordinary stress".

Mr Paulson, echoing Mr Bernanke's comments, warned that if Congress did not act quickly, a credit crisis could threaten "all parts of our economy".

Ed Yardeni of Yardeni Research said the stock market's huge volatility and swings between euphoria and despair were likely to continue.

"Like it or not, investing in stocks has become similar to participating in an extreme sport, like rock climbing without any equipment," he said.

"Why is this so? Investors are giving more credibility to extreme scenarios than they usually do. They can bounce from believing in one extreme scenario in the morning to another one by the afternoon."

The leading percentage decliner on the Dow was General Motors, which fell US86 cents, or 7.4 per cent, to \$US10.72. Chief executive Rick Wagoner made an appearance on YouTube, saying the auto maker would survive in a tough market.

General Electric fell \$US1.20, or 4.6 per cent, to \$US24.95. Merrill Lynch cut its rating on the conglomerate to "neutral" from "buy," saying the recent credit-market disarray would likely cause further earnings reduction at GE's financial arm.

Among the weakest stocks were energy, metals and fertiliser producers, as the price of oil, wheat and metals resumed their recent decline. The bearish case on commodities - that slowing economic growth will put an end to the speculative run-up there - held the day.

On the Dow, Alcoa fell \$US1.21, or 4.5 per cent, to \$US25.59. The stock was now 43 per cent from its peak and down 20 per cent for September so far.

Bonds fell. The yield on the 10-year Treasury bond rose to 3.841 per cent from 3.826 per cent yesterday and that on the 30-year bond increased to 4.434 per cent against 4.407 per cent. Bond yields and prices move in opposite directions.

In Europe, the London FTSE 100 index lost 1.91 per cent to close at 5136.12, while in Paris the CAC 40 fell 1.98 per cent to 4139.82 and Frankfurt's Dax shed 0.64 per cent to 6068.