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## US STOCKS-Financial worries, GE push Wall Street lower Central banks redouble efforts to save bank system

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By Burton Frierson

NEW YORK/FRANKFURT, (Reuters) - The world's central banks redoubled their efforts on Monday to revive the paralyzed global financial system through massive injections of cash.

To counteract a world financial crisis emanating from last year's mortgage meltdown in the United States, the Federal Reserve announced a \$330 billion expansion of arrangements to boost U.S. dollar liquidity throughout the global financial system.

The action increases the reciprocal swap lines with the European Central Bank and eight other central banks to \$620 billion from \$290 billion previously, the Fed said in a statement.

The Fed announcement came after European and Asian central banks had already been busy pumping more money into sclerotic banking systems on Monday, in an effort to persuade financial firms to stop hoarding cash, which threatens to bring down global economy.

"They are throwing billions around, but things seem to be getting worse. They are throwing everything they can at the problem but nothing seems to be working," said **Joe Saluzzi**, co-manager of trading at **Themis Trading** in Chatham, New Jersey.

"There's a monster amount of fear out there. This is global contagion, it's no longer just the United States."

The efforts also show the heightened tensions in bank-to-bank lending markets as the approaching end of the financial quarter compounds the scramble for cash.

The Fed refrained from open market operations during the early part of the U.S. trading day but said it would expand efforts to head off a possible year-end cash crunch at financial institutions.

Meanwhile, the world's financial system appeared to be edging closer to collapse by the day, authorities in Europe and the United States struggling keep banks afloat with injections of cash, nationalizations and mergers of necessity.