



## Stocks' Pullback Grows More Painful

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By Matt Krantz

A cocktail of bitter economic news from Europe, Silicon Valley, the malls and the labor front soured investors on stocks Thursday and led to the second consecutive day of selling.

The Dow Jones industrial average skidded 443.48 points, or 4.9%, to 8695.79, a painful pullback following a 486-point, or 5.1%, decline Wednesday. After this one-two punch of selling following the election, the Dow finds itself back down 34.4% this year and just 6.4% above the closing low set this year at 8176 on Oct. 27 (story, 1B).

The broader Standard & Poor's 500 didn't fare much better, losing 47.89 points, or 5.0%, to 904.88. Shares of companies in commodity-related businesses such as coal and aluminum, as well as commercial real estate and tires and rubber, led the slide. The Nasdaq composite index lost 72.94 points, or 4.3%, to 1608.70.

Investors remain concerned over how long and severe the global economic slowdown will be, says **Joseph Saluzzi of Themis Trading**. Much more of a slide would be troubling. "You don't want to go back to the lows," he says.

The negative news was relentless. Stocks in Britain, Germany and France sold off by 5% or more after the Bank of England cut short-term interest rates by 1.5 percentage points and the European Central Bank took its primary rate down by half a percentage point. Investors worry these rate cuts indicate how challenged the European economy is.

Meanwhile, tech-networking leader Cisco Systems late Wednesday reported weak sales in October. Cisco shares fell 45 cents, or 2.6%, to \$16.94. Several retailers, especially those that sell apparel, reported weak sales in stores open at least a year. Casino Las Vegas Sands fell \$3.81, or 33%, to \$7.85 after saying it might fall short of stipulations placed on it by lenders.

And the job picture worsened. The number of people collecting unemployment benefits rose 122,000 to 3.84 million in late October, the highest level since February 1983.

Evidence of the slowing global economy is painfully clear in the vicious sell-off of oil. The price of a barrel of crude fell \$4.53 to \$60.77 as the slowing economy curtails demand for fuel.

The relentless bad news is a rude reminder of the challenges President-elect Barack Obama faces, says Karl Mills of Jurika Mills and Keifer. "The election is out of the way, but we still have major problems Obama is going to have to deal with," he says.