

NEWS RELEASE

02.17.09

STOCKS TUMBLE IN EARLY TRADING

By Alejandro Lazo - The Washington Post

Stock markets plummeted Tuesday morning on concern that the government's interventions will not be enough to keep the recession from getting worse.

The Dow Jones Industrial average was down more than 3 percent in morning trading with every stock other than Wal-Mart Stores in the red.

“People are concerned that all the things the government is doing is not only not going to help a lot but it could actually create more problems in the long run,” said Denis Amato, chief investment officer with Ancora Advisors in Cleveland. “I don't think people are convinced that stimulus is the right answer here and they are worried that they are not really laying out the right details about what they are going to do about the banks, which is the ultimate problem.”

The Dow Jones had fallen 3.4 percent or 264 points by 10:45 a.m., testing its Nov. 20 low of 7552.29. Other broader indexes also fell. The Standard & Poor's 500-stock index shed 3.95 percent or 33 points. The tech-heavy Nasdaq composite index sank 3.5 percent, with a drop of nearly 54 points.

In addition, General Motors and Chrysler today are scheduled to submit to the Obama administration plans for a broad restructuring of their business. The companies are facing a potential bankruptcy without government aid.

Also weighing on the markets this morning was a report by the Federal Reserve Bank of New York that its general business conditions index in that region fell to a new low of -34.7.

“It's a continuation of the same pressures that have been on the market for a while, mainly that the banking sector is under distress,” Todd Clark, director of trading at Nollenberger Capital Partners, said. “The economy is facing severe headwinds, and as a result equities are

just not the place to be right now.”

Overseas markets were also down. London's benchmark FTSE index fell 2.6 percent, or 106 points. In Germany, the DAX index fell 3.3 percent, or 144 points. The Nikkei fell 1.35 percent, or 105 points, to close at 7,646.