

DOW JONES, A NEWS CORP COMPANY

DJIA **25379.45** -1.27% ▼Nasdaq **7485.14** -2.06% ▼U.S. 10 Yr **-0/32 Yield** 3.182% ▼Crude Oil **68.92** 0.39% ▲Euro **1.1457** 0.03% ▲

This copy is for your personal, non-commercial use only. To order presentation-ready copies for distribution to your colleagues, clients or customers visit <http://www.djreprints.com>.

<https://www.wsj.com/articles/european-stocks-shrug-off-weakness-in-asia-1539848879>

MARKETS

Dow Falls More Than 300 Points Amid Concerns Over Global Growth

Stocks fell sharply after Treasury Secretary's statement about skipping Saudi Arabia conference

Major U.S. indexes this week



By *Jessica Menton and Michael Wursthorn*

Updated Oct. 18, 2018 5:29 p.m. ET

The Dow Jones Industrial Average tumbled more than 300 points as geopolitical tensions and worries about the state of the global expansion renewed concerns over the durability of the longest bull market rally ever.

Losses accelerated throughout Thursday's session, pulling the Dow industrials down as much as 471 points at one point, as investors confronted several more threats to the market, including companies struggling with rising costs, further instability in the European Union and increasing pressure between the U.S. and Saudi Arabia.

While the selloff was broad, investors culled risky stocks from their portfolios, punishing shares of fast-growing companies that have led the market higher this year. Nearly all 30 stocks in the blue-chip index fell, with shares of Caterpillar, often considered a proxy of investors' views on global trade, and widely held Apple suffering the biggest declines.

After months of muted moves in the market, volatility has come roaring back, dashing investors' hopes that a fresh round of earnings would help rejuvenate stocks and get major indexes back into record-setting territory.

A measure of expected market swings, the Cboe Volatility Index, or VIX, jumped 15% after rising as much as 24% earlier in the day, a sign investors expect the market to suffer further gyrations in the days ahead.

While both the Dow and the broader S&P 500 are holding onto meager gains for the week, a continuation of the selloff on Friday would threaten to extend those indexes' losing streaks to four consecutive weeks.

"Strong earnings and economic data haven't been able to overpower geopolitical concerns," said Michael Arone, chief investment strategist for State Street Global Advisors. "Until we

receive some clarity on trade, monetary policy and the midterm elections, we're likely going to see this volatility continue."

The Dow fell 327.23 points, or 1.3%, to 25379.45. The S&P 500 lost 40.43 points, or 1.4%, to 2768.78.

Major indexes overseas also suffered: The Stoxx Europe 600 fell 0.5%, its second consecutive decline. Investors were watching for any further signs of political strife after Italian bonds sold off amid the country's budget standoff with European lawmakers.

In the U.S., investors were most concerned with several lackluster earnings reports from industrial companies, including conglomerate Textron, whose shares shed \$7.29, or 11%, to \$57.49.

Shares of American companies fell more broadly later in the session after Treasury Secretary Steven Mnuchin said he wouldn't participate in an investment conference in Saudi Arabia.

Highflying tech stocks were hit particularly hard, sending the Nasdaq Composite down 157.56 points, or 2.1%, to 7485.14. Investors resumed their flight from widely owned, pricey stocks like Netflix and Amazon.com. Netflix fell 17.99, or 4.9%, to 346.71, and Amazon lost 61.01, or 3.3%, to 1,770.72.

Economists said the Saudi situation added to concerns about whether the U.S. would impose economic sanctions on the country, which in turn could result in reprisals that would affect oil markets.

"If Saudi Arabia retaliates and uses oil as a weapon, they're shooting themselves in the leg," said Peter Cardillo, chief market economist at Spartan Capital Securities. "If oil jumps above \$100 a barrel, that would slow down the global economy and result in less demand for oil."

Brent crude, the global benchmark, fell 0.9% Thursday to \$79.29 a barrel and U.S. oil futures on the New York Mercantile Exchange shed 1.6% to \$68.65 per barrel, while energy stocks in the S&P 500 suffered a modest decline, shedding 0.5%.

Indexes fell across the Asia-Pacific region, led by sharp declines in China. While there was no obvious catalyst for Thursday's selloff in China, the continued slowdown in the country's credit growth was the biggest driver of weakness in its equity market, Macquarie economists said in a note. The Shanghai Composite fell 2.9% to reach its lowest closing value since November 2014, while indexes in Japan and Hong Kong suffered more modest losses.

"People are worried that China's slowing is more real than in 2015," said Shawn Snyder, head of investment strategy at Citi Personal Wealth Management. "Some companies, like Apple and Louis Vuitton, are also talking about Chinese demand slowing."



Traders working on the floor of the New York Stock Exchange on Wednesday. PHOTO: BRYAN R. SMITH/AGENCE FRANCE-PRESSE/GETTY IMAGES

19/10/2018

Dow Falls More Than 300 Points Amid Concerns Over Global Growth - WSJ

—*David Hodari*

and *Mike Bird*

contributed to this article.

Write to Michael Wursthorn at Michael.Wursthorn@wsj.com

Copyright ©2017 Dow Jones & Company, Inc. All Rights Reserved

This copy is for your personal, non-commercial use only. To order presentation-ready copies for distribution to your colleagues, clients or customers visit <http://www.djreprints.com>.