

## U.S. MARKETS

# Dow Jones Industrial Average's 11-Year Bull Run Ends

Blue-chip stock index drops more than 1,400 points, closing a bull run that started in 2009

*By Akane Otani and Karen Langley*

Updated March 11, 2020 10:33 pm ET

The longest-ever bull market for U.S. stocks ended Wednesday.

The downturn, marked by a 20% decline from the most recent high for the Dow Jones Industrial Average, heightens fears that the economic expansion that began following the financial crisis could also be on its last legs. Stocks have crumbled, oil prices have tanked and U.S. government bond yields have plumbed record lows in the face of the rapidly spreading coronavirus.

The Dow closed at 23553.22, down 20.3% from its record of 29,551.42 reached Feb. 12. That ended the bull market that began March 9, 2009, one of the bleakest points of the crisis.

The S&P 500 is still shy of a bear market, down 19% from its Feb. 19 peak. It has shed about \$5 trillion in market value; the benchmark closed down 4.9% for the day to 2741.38.

Share prices declined rapidly as coronavirus spread around the world and took hold in the U.S.

Schools are sending students home. Consumers are canceling vacation plans. And in New York City, the country's financial center, banks have deployed contingency plans used during crises like the Sept. 11, 2001, terrorist attacks.

Wednesday's stock-market declines accelerated after the World Health Organization declared the new coronavirus a pandemic and said it is "deeply concerned" by the "spread and severity" of the virus and by "alarming levels of inaction." The Dow ended the day down 1464.94 points, or 5.9%, weighed down by an 18% drop in shares of Boeing.

Peter Tuchman, of Quattro M Securities Inc., who has been a floor trader on the New York Stock Exchange for 35 years, described an atmosphere of anxiety as traders considered the potential effects of the virus not just on the markets but on life more broadly.

"We're groomed to deal with adrenaline, anxiety, bear markets and bull markets," he said. "We don't get emotional about money. But when health and welfare is involved and people's lives are involved, that sort of eats away at our spirits."

“It’s kind of a 9/11 feeling, rather than a financial crisis feeling,” he said. “You really wonder, what’s tomorrow going to bring?”

Adding to the shock for investors: the speed of the market’s fall. The move from all-time high to bear-market territory was the fastest on record for the Dow, taking just 19 sessions.

In previous downturns, it has taken the index on average 136 trading days to enter a bear market from a recent high, according to Dow Jones Market Data. It has taken an additional 143 days from the bear-market entry to the low and 63 trading days from the low to exit from the bear market.

Traders said the reaction on the floor of the New York Stock Exchange was relatively somber Wednesday as stocks tumbled.

“It was tense,” Tim Anderson, managing director at TJM Investments, said of Wednesday’s declines, also speaking from the floor of the New York Stock Exchange. But he said there was a “sign of life” in a small bounce around 3:30 p.m.

“Tomorrow will be a critical day,” he said. “Every other time we’ve had a sharp down day, we’ve rallied the following day.”

One surprising development Wednesday: the sharp decline in the prices of U.S. Treasury securities, which until this week had consistently risen on days when U.S. stocks were falling. The price decline, which sent yields higher after a record fall, were fueled in part by banks that were selling U.S. government securities in a bid to reduce their trading inventories and raise cash, some traders said. The whipsaw action could add to losses hedge funds and others have been suffering on stocks, commodities and other assets.

Shares of banks like JPMorgan Chase & Co. and Bank of America Corp. have suffered steeper losses than the broader indexes, hurt by a precipitous slide in bond yields that have brought Treasury yields to record lows. Both stocks are off more than 30% for the year.

Companies linked to travel have been hit even harder. Norwegian Cruise Line Holdings Ltd. shares have slumped 74%, while American Airlines Group Inc. has fallen 43%.

The just-ended bull market had faced plenty of threats during its run. At varying times, investors had fretted that threats ranging from the European debt crisis to a slowdown in growth in China to Washington and Beijing’s trade war might tip stocks over the edge.

In each case, they were wrong. Central banks stepped in to lower rates or shore up short-term funding markets, bringing calm to financial markets. The U.S. and China reached a preliminary trade agreement last year, pushing to the back burner the possibility of a collapse in talks. And

through it all, the U.S. economy ultimately ended up being more resilient than naysayers had feared.



Traders at the New York Stock Exchange on Tuesday.

PHOTO: SPENCER PLATT/GETTY IMAGES

In fact, as recently as January, many of Wall Street's top equity analysts predicted the stock run would continue for at least another year. The U.S. unemployment rate was hovering at a multidecade low, corporate profits were projected to rebound after a sluggish 2019 and retail sales showed consumers spending at a healthy clip.

No one knew that reports of a novel coronavirus discovered in China would wind up throwing into doubt all of their assumptions for the rest of the year.

But as news reports in February showed the novel coronavirus spreading rapidly and evolving from a threat within China's Wuhan district to one affecting countries as diverse as Italy, South Korea, Iran and the U.S., money managers were forced to confront the reality: the U.S. wouldn't be escaping the economic fallout stemming from the pandemic.

Analysts at Goldman Sachs Group Inc. on Wednesday lowered their forecasts. The bank now expects the S&P 500 to fall to 2450 by midyear, a drop of about 11% from current levels and a 24% decline from the beginning of 2020. The analysts also expect corporate earnings to decline 5% this year based on lower oil prices and interest rates that will hurt results in the energy and financial sectors.

Unlike during prior market scares, Federal Reserve action has proved ineffective so far in bringing calm to investors.

Stocks briefly rallied at the start of the month after the Fed lowered interest rates by a half percentage point, executing its first inter-meeting rate cut since the 2008 financial crisis. But within minutes, the gains gave way to selling again, as traders questioned how effective central bank policy, as opposed to the development of a widely available vaccine or treatment, would be in fighting disease.

Some investors are viewing the massive rout as a buying opportunity.

The selling has been so indiscriminate that even the technology stocks that had carried the bull market for much of its run have sunk, with Facebook Inc., Apple Inc., Amazon.com Inc. and Alphabet Inc. all down for the year.

Anik Sen, global head of equities at PineBridge Investments, said his team has been using the selloff as an opportunity to scoop up shares at a discount—especially those of companies that have strong track records of profitability and sales. He compared the price cuts to shopping at Woodbury Common, a giant outlet mall north of New York City.

That is not to say Mr. Sen believes the worst of the wholesale selling is close. Like many other investors, he said he's at a loss as to guesses on how quickly the coronavirus pandemic will show signs of slowing in the U.S.

“It has just too early to know,” he said.

---

MORE

- [Tracking the Markets: Winners and Losers](#)
- [Treasury to Delay April 15 Tax-Filing Deadline](#)
- [Bank of England Cuts Rates to Protect Economy](#)
- [Mnuchin Urges Congress to Pass Stimulus](#)
- [Economic Data to Watch for Signs of Coronavirus Impact](#)

---

**Write to Akane Otani at [akane.otani@wsj.com](mailto:akane.otani@wsj.com) and Karen Langley at [karen.langley@wsj.com](mailto:karen.langley@wsj.com)**

Copyright © 2020 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 <https://www.djreprints.com>.