 Stocks fell sharply, punctuating a three-session skid with the biggest declines this year, weighed down by soft readings on global economic growth and concern over a looming deadline for Greece’s debt swap with private bondholders.

Stocks fell at the open and drifted to session lows late in the afternoon. The Dow Jones Industrial Average fell 203.66 points, or 1.6%, to 12759.15, the first decline of more than 200 points for the blue chips since Nov. 23.

The Standard & Poor’s 500-stock index declined 20.97 points, or 1.5%, to 1343.36, and the Nasdaq Composite shed 40.16 points, or 1.4%, to 2910.32.

All ten sectors of the S&P 500 lost ground, and financial, material and industrial stocks each shed more than 2%. Alcoa [AA -4.05%], down 4.1%, and Caterpillar [CAT -3.78%], off 3.8%, led the slide among blue chips. Merck & Co [MRK -2.63%]. declined 2.6% after the company said it expects first-quarter profit to be lower than Wall Street estimates.

Tuesday’s stock declines came as European markets suffered their worst losses in more than three months, amid increasing worries about a swap of Greek debt by private creditors and weak signals on economic growth. Additionally, a second reading on the euro zone’s combined fourth-quarter gross domestic product showed a contraction of 0.3% in the final three months of 2011.

Another soft spot for global growth was Brazil, Latin America’s largest economy. Data showed fourth-quarter GDP rose less than expected, at a 1.4% pace, versus expectations for 1.6% growth.

Tuesday’s reports compounded concerns about a soft landing in China, which on Monday cut its 2012 target for economic growth.

"The new reality is that we’ve priced in a lot of the good news, and what we’re left with is a pretty sluggish global-recovery picture," said David Joy chief market strategist at Ameriprise Financial [AMP -2.47%]. "A pullback is completely understandable and probably overdue."

In corporate news, shares of Monster Worldwide [MWW +10.64%] rallied 11% after the online job-search company said it retained financial advisers to assist it in reviewing strategic alternatives.

Dick’s Sporting Goods [DKS +2.90%] fiscal fourth-quarter profit rose 27% as the retailer’s growing network of stores helped
Barrons.com funds columnist Brendan Conway joins the News Hub with news of China's lower economic outlook having ripple effects across Asia and on U.S. stock futures. REUTERS/Brendan McDermid

Consol Energy (CNX -1.35%) will idle a mining unit in Virginia and reduce its continuous mining operating schedule to five days a week due to decreased international demand for its metallurgical coal. Shares fell 1.4%.

Germany's Merck KGaA (MRK.XE -0.90%) said a late-stage trial for its experimental cancer vaccine Stimuvax will continue, with a final result expected in 2013. Shares of Oncothyreon (ONTY -39.71%), which is developing Stimuvax with Merck KGaA, tumbled 40%, as the final results were expected before then.

American International Group (AIG -4.41%) slipped 4.4% after completing the sale of part of its stake in AIA Group (1299.HK +2.80%) on Tuesday, which raised $6 billion. Shares of AIA Group fell 8.4% in overnight Hong Kong trading.

Nutrisystem (NTRI -10.94%) lost 11% after the home-delivery weight-loss company reported a wider-than-expected fourth-quarter loss, although revenue was above expectations.

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