U.S. stocks declined broadly, as Treasury yields continued grinding higher on speculation of a Fed retreat from easy-money policies.

By Alexandra Scaggs

U.S. stocks tumbled for a fourth session in a row, their longest losing streak this year, as investors braced for the possible end of the Federal Reserve’s easy-money policies.

The Dow Jones Industrial Average lost 70.73 points, or 0.5%, to 15010.74. The S&P 500-stock index sank 9.77 points, or 0.6%, to 1646.06. Both marked a fourth consecutive session of losses for the first time this year. The Nasdaq Composite Index shed 13.69 points, or 0.4%, to 3589.09.

Stocks have been taking their cues from the Treasury market, where yields have been climbing to multiyear highs as prices have fallen. Investors, economists and strategists expect the Fed this year to start curtailing its bond-buying measures—first introduced after the financial crisis to boost growth by keeping long-term interest rates low. The yield on the 10-year U.S. Treasury bond rose to settle at 2.884% Monday, its highest since July 2011. Last week, Treasury yields posted their biggest weekly gain since June, as upbeat labor-market data sparked speculation that the Federal Reserve would begin to withdraw stimulus measures as early as their September meeting, the Dow fell 2.2% over the week, its biggest weekly drop of the year.

The market is “having indigestion over” a possible pullback in stimulus, said Kristina Hooper, head of U.S. investment strategies at Allianz Global Investors, which manages $409 billion. “We’ve anticipated greater volatility, and greater reaction to every data point because the Fed has made it clear that its decision will be data-driven.”

Stock-trading volume was relatively light as Monday’s economic calendar was nearly empty. as 5.2 billion shares changed hands, 85% of the average daily volume so far this year.

The Fed will remain in the spotlight this week, with the minutes from the central bank’s latest policy-setting meeting due out Wednesday. Investors have been keeping a close eye on communications from the Fed, as they try to discern when the central bank will start to pare back on its aggressive easy-money policies.

“There certainly is a fair amount of angst built up for September,” said Jim Dunigan, chief investment officer at PNC Wealth Management, which oversees about $116 billion in assets. “We’ll all see some volatility in the marketplace.”

But Allianz’s Ms. Hooper said she thinks the market is overestimating the likelihood of the Fed pulling back on its stimulus.
“We don’t expect the Fed will unless it’s confident that this economic recovery has legs to stand on,” she said. Because of that, she said, the firm is using recent weakness to add to its stock-market exposure.

Technology stocks performed better than broad benchmarks, losing just 0.1%, as sector giants Apple and Intel rose. Apple gained $5.41, or 1.1%, to $507.74. Its shares are up 12% this month, and the company got a boost recently after activist investor Carl Icahn disclosed a large position in the company.

Intel was the biggest gainer in the Dow, rising 37 cents, or 1.7%, to 22.28 after a Wall Street analyst upgraded the stock to “neutral,” the equivalent of a hold recommendation, from “underweight,” equal to a sell rating.

Financial stocks were among the biggest decliners in the S&P 500, with the sector down 1.3%. J.P. Morgan Chase dropped 1.46, or 2.7%, to 51.83. Its shares had the biggest losses in the Dow after The Wall Street Journal said the bank could replace Bank of America as the U.S. lender with the most legal troubles.

Crude-oil futures shed 0.3% to $107.10 a barrel. The dollar eased against the euro and rose against the yen. Gold futures fell 0.4% to $1,366.20 an ounce.

European stocks slipped, as German bond yields ground higher alongside U.S. Treasury yields. The Stoxx 600 index closed 0.5% lower, Germany’s DAX lost 0.3% and the U.K.’s FTSE 100 index slipped 0.5%.

Asian stock markets had a choppy trading session, with a tumble in the rupee setting off a 1.6% drop in India’s S&P BSE Sensex Index. Economic data weighed on shares in Indonesia, with the benchmark JSX Composite falling 4.7%.

China’s Shanghai Composite rose 0.8%, following a volatile session Friday that saw a spike of 6% in a matter of minutes after a trading glitch from a Chinese brokerage firm. Hong Kong’s Hang Seng Index slipped 0.3%.

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