

U.S. MARKETS

Stocks Fall as Virus Fears Show No Signs of Easing

U.S. Treasury yields slide on investors' anxiety about economic growth

By Chong Koh Ping and Caitlin Ostroff

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Global stocks, U.S. government-bond yields and oil prices tumbled Thursday, extending losses as investors braced for a drop in business activity and corporate earnings following the spread of the coronavirus.

Futures tied to the Dow Jones Industrial Average fell almost 1%, pointing to likely declines of about 300 points in the blue-chip index when U.S. markets open. The gauge has dropped for five straight days, shedding 5.5% this year.

European indexes also dropped, with the Stoxx Europe 600 tumbling 2.4% to its lowest in four months. In Asia, Japan's Nikkei 225 closed 2.1% lower, while South Korea's Kospi declined 1%.

Investors continued to seek out the safety of government-bond holdings. The yield on the benchmark 10-year U.S. Treasury, which closed at a record 1.310% on Wednesday, dropped to 1.294% Thursday, according to Tradeweb. Yields move inversely to bond prices.

Markets have reflected increasing pessimism this week about the potential economic impact as the virus emerges in new locations. On Wednesday, American authorities said a patient in California might be the first U.S. coronavirus case to be diagnosed without a clear explanation for how the disease was transmitted.

"There are no buyers," said Neil Dwane, global strategist at Allianz Global Investors. Earnings expectations have fallen in both Europe and the U.S., he said.

Brent crude, the global oil benchmark, fell 2.5% to \$51.50 a barrel, reflecting anxiety about the demand for energy if growth prospects sour. Gold, considered a haven asset during times of turmoil in markets, rose 0.5%.

More than 82,000 people have been infected by the virus and the death toll stands at more than 2,800 globally. Some U.S. companies say they could lose as much as half their annual revenue from China if the coronavirus epidemic extends through the summer.

“The global fear factor has become stronger due to the warnings coming out from the U.S.,” said Song Seng Wun of CIMB Private Banking in Singapore. “And as recession risks grow, the markets have become more jittery,” he said.

The ICE Dollar Index, which tracks the greenback against a basket of currencies, fell 0.3%.

“There is a repricing of global and corporate growth [expectations] after the outbreak of the coronavirus,” said Tham Mun Hon, head of Greater China research at UOB Kay Hian in Hong Kong.

In European trading, shares in Anheuser-Busch InBev SA fell 9.2% after the maker of Budweiser beer reported lower profit for the fourth quarter, blaming higher costs and lost market share.



Shoppers in the Mokdong district of Seoul, South Korea.

PHOTO: SEONGJOON CHO/BLOOMBERG NEWS

The pound fell 0.2% against the dollar after the British government said it would consider whether to walk away from talks with the EU if the two sides are unable to agree a broad outline for a trade agreement by June.

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