

Free-Falling Dow Recovers for 3.2% Loss

On a stunning Thursday afternoon that reminded observers of the most volatile days of 2008, the Dow Jones Industrial Average (an unmanaged index of 30 widely held stocks) plunged nearly 1,000 points before quickly recovering to finish with a somewhat less dramatic 347.80-point loss on the day.

Turmoil in Greece over its financial crisis and the unpopular austerity measures passed by its government as a precondition for bailout loans helped fuel investor worries. Some fear the Greek situation could be contagious, possibly spreading to other weaker European economies such as Spain, Portugal and Italy. Under tremendous financial pressure, the euro, which last week traded in the \$1.33 range versus the U.S. dollar, slipped to the \$1.25 level before settling at slightly above \$1.26. The price of oil dropped during the sell-off, too, closing the day at \$77.11 on the New York Mercantile Exchange.

As the day ended, the Dow finished at 10,520.32, down 3.2% from Wednesday's close. The NASDAQ Composite (an unmanaged index of common stocks listed on the NASDAQ National Stock Market) ended the day at 2,319.64, down 3.4%, and the S&P 500 (an unmanaged index of 500 widely held stocks) finished at 1,128.15, down 3.2%.

There was widespread speculation that trader errors and technical glitches may have contributed to the precipitous fall, but there was no immediate proof of that, although the allegations were being investigated. News and reports concerning the U.S. economy remained relatively positive.

If you'd like to discuss the market in relationship to your portfolio, please give me a call.

Past performance is not indicative of future results. Investors cannot invest directly in an index.