

# Stocks Tumble Under Weight Of Worry

## RECESSION FEARS FUEL DOW'S RECORD DECLINE

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**TAMPA** — Like someone caught in a storm, stock market investors are wondering if the worst is over, or whether they'll get battered again next week.

The Dow Jones industrial average suffered its biggest one-week point decline in the shadow of terrorist attacks, recessionary threats and the anticipation of war.

Friday the Dow lost 140.40, closing at 8,235.81. For the week, the Dow fell 1,369.70 points — off more than 14 percent.

The other major U.S. indexes also fell substantially during the course of the week. The broad-based Standard & Poor's 500 index tumbled 11 percent, and Nasdaq, which lists many technology companies, fell more than 16 percent. Overseas markets also fell.

Some of this had to be expected after terrorist attacks shut down Wall Street for four days last week.

But not all of it. The week started on a different note.

Markets reopened with a

## WINNERS AND LOSERS

Performance among the industry groups in the Standard & Poor's 500 index. The week ended Wednesday; percent change from the previous week.

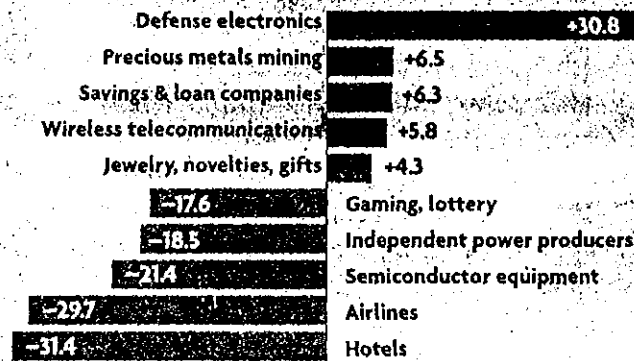


Chart by The New York Times; Source: Standard & Poor's

sense of victory Monday, because they functioned in spite of the devastation left by the attacks.

Interest rate cuts and the promise of plenty of cash from central banks of other nations contained the damage. Monday, the Dow dropped about 7 percent, and Tuesday, conditions stabilized.

### Layoffs Spark Recession Fears

But fears of recession have grown since then, magnified by the huge job cuts announced by airlines.

"Who knew a week ago that

we'd have 100,000 people out of work in the airline industry?" said John Hill, managing director of Hyde Park Capital Partners, a local investment banking firm.

That fed the recessionary forecasts. All kinds of companies starting warning investors of softer sales and declining profits in the rest of the year, prompting a much broader-based decline in stocks. Home Depot, a respected Dow Jones stock, lost \$7 in value after the attack, and closed at a little above \$33 Friday. Microsoft closed down more than \$7

from last week, falling below \$50.

Technical factors usually taken in stride, such as Friday's deadlines for selling options, exacerbated the drop.

And fear persisted. Many Americans now consider themselves at war with terrorists, but don't know what kind of military action to anticipate from Uncle Sam. Or whether the United States is still under threat of attack.

"The marketplace is filled with anxiety right now," said James Kerwin, a company director at the financial-industry newsletter HNW Wealth News. "I think it's going to take some time to run its course."

### 'Just Get Me Out'

Some investors have sold — into the decline — to get what's left of their nest egg out of the market, even when advised to wait out the crisis by veteran investors, such as Hugh Johnson, chief investment officer of First Albany Corp.

Already stung by a steady market slide earlier this year, the last few days proved unbearable.

"They are saying, 'Just get me out at all cost. I can't stand it anymore,'" Johnson said. "I try to give them perspective by

See **BATTERED STOCKS**, Page 9 ►  
Defense stocks stand to gain.



Traders on the floor of the New York Stock Exchange watch Friday at the opening of another down day.

## BATTERED STOCKS

Continued From Page 1

looking at other crises.

"But even when you give them perspective, they dismiss it, because they are so scared," Johnson said.

Scott Brown, chief economist at Raymond James Financial, hopes the weekend will arrest the downtrend, and give investors a chance to decide the market has punished too many stocks, too harshly.

"Some stocks really are beaten up and oversold," Hill said.

"Disney's lost 50 percent of its value in the last couple of weeks." It closed at \$17.89 Friday.

Even though families have scratched Walt Disney World off their vacation plans, Hill said, the entertainment stock shouldn't be priced so low because it also owns other valuable businesses, such as the ABC television network.

When stocks start to look attractive again, it won't be just because they're cheap, observers say.

The first stocks that will beckon buyers are the ones that have something to gain. That means defense stocks, for one, Kerwin said, as the government ramps up military spending.

Lockheed Martin, for instance, was a gainer last week, closing at \$42.20 Friday, compared with \$38.32 before the attacks.

He also expects to see people putting money into oil and natural gas, because of the global tension.

Companies that make security-related equipment and products also are seen by some investors as a good buy because governments and private-sector buyers will increase purchases.

That helped a company security-device maker called InVision Technologies climb to a close of \$9.19 Friday, compared with \$3.11 on Sept. 10.

### Reports May Be Damaging

What's still unclear is whether these sectors are poised for more buying next week. And whether some of the other stocks in consumer companies that have been pummeled will be ready for a recovery.

Besides possible military action, there are other economic reports that could influence the market next week, Brown said. Traders will be getting new numbers on consumer attitudes toward buying, home sales and jobless claims.

But any recovery is going to be staged under new rules, said Terrance Odean, a University of California economist who tracks investor behavior.

"Investors are learning some painful lessons," he said. Some adults who started investing a decade or so ago didn't really understand — until this week — that you can lose money in the stock market, he said.

Now they understand. So don't expect to see another speculative bubble, like we had in technology stocks, Odean said.

"This generation is not going to bite on that again," he said.

*Information from The Associated Press was used in this report. Reporter Jo-Ann Johnston can be reached at (813) 259-7804.*