

Market's Week Ends Not a Moment Too Soon

Nasdaq again leads Dow, S&P 500 in decline.

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A week of record stock market plunges came to a merciful end Friday, but only after a widespread sell-off sparked by inflation fears. Few sectors were left untouched as investors once again questioned once-soaring high-technology stocks and fled more traditional companies on interest-rate concerns.

The Nasdaq Composite Index, as has been its habit of late, led the way down, plummeting 9.6%, or 355.61 points, to 3,321.17. The Dow Industrial Average fell 5.6%, or 616.23 points, to 10,307.32. The remaining major indexes didn't escape the carnage: The Standard & Poor's 500 lost 5.8%, and the small-company Russell 2000 tumbled 7.2%.

More important, market breadth, or the number of stocks rising versus the number falling, indicated that there was wholesale selling going on, as the market failed to see much evidence of buying-on-the-dip strategies. Decliners swamped advancers on the New York Stock Exchange and Nasdaq stock market by about four to one, indicating wide selling pressure.

Much has been made of the recent drops in the Nasdaq Composite, and with good reason. The index fell every day this week, turning in a record one-week point loss of 1,131. The index is now off more than 30% from its March 10 high of 5,048, and more than 12% for the year to date. But all is not lost--yet. The index is still up more than 32% for the past 12 months. The same cannot be said for the Dow, however, which fell into the red Friday after being up 4.9% for the past 12 months ended Thursday.

Particularly hard hit throughout the session were brokerage and financial-services stocks. Interest-rate fears, fueled by Friday's release showing the Consumer Price Index rising 0.7 percent in March, pummeled the sectors. Shares of underwriters Lehman Brothers ([LEH](#)) and Charles Schwab ([SCH](#)) had some of the biggest drops, down 18.1% to 75½ and 19.3% to 39 1/2, respectively. Other brokers falling included A.G. Edwards ([AGE](#)), down 12.2% to 32 5/8; Merrill Lynch ([MER](#)), down 8.6% to 90; and Morgan Stanley Dean Witter ([MWD](#)), 10.4% lower at 67 5/8.

Some of the biggest losers in the Dow Jones Industrial Average were financial companies, such as American Express ([AXP](#)), down 8.4% to 133 5/8; J.P. Morgan ([JPM](#)), down 7.1% at 122 1/16; and Citigroup ([C](#)), 7.8% lower at 57 5/8.

Other sectors of weakness included semiconductors and chipmakers, with Rambus ([RMBS](#)) leading the way, down 22.8% to 156 1/4, and consumer goods, with Circuit City Group ([CC](#)) falling 10.7% to 51 3/4. The Philadelphia Semiconductor Index of 15 stocks was down 11.6%, while the Standard & Poor's Consumer Goods Composite fell 4.7%.

Software giant and Nasdaq bellwether Microsoft ([MSFT](#)) hit a new 52-week low intraday, and ended down 6.4% at 74 1/8, a new 52-week closing low.

Bonds managed to avoid the carnage that usually comes from inflation fears as market liquidity flowed away from stocks into havens. The benchmark 30-year U.S. Treasury bond was up 10/32 to yield 5.87%.

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Mark W. Anderson is a reporter with Morningstar.com. Authors can be reached at [Analyst Feedback](#).

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