

Market plunge raises recession fears

Sinking oil drags down Dow 2k points

By Stan Choe, Alex Veiga, & Kalea Hall

(excerpt)

Stocks took their worst one-day beating on Wall Street since the global financial crisis of 2008 as a collapse in oil prices Monday combined with mounting alarm over what the coronavirus could do to the world economy.

The staggering losses, including a 7.8% tumble in the Dow Jones Industrial Average, immediately raised fears that a recession might be on the way in the U.S. and that the record-breaking 11-year bull market on Wall Street may be coming to an abrupt end in a way no one even imagined just a few months ago.

The drop was so sharp that it triggered the first automatic halt in trading in more than two decades. European stock indexes likewise registered their heaviest losses since the darkest days of the 2008 meltdown and are now in a bear market.

Together, the sell-offs reflected growing anxiety over the potential global economic damage from the coronavirus, which has infected more than 110,000 people worldwide and killed about 4,000 while prompting factory shutdowns, travel bans, closings of schools and stores, and cancellations of conventions and celebrations big and small. ...

... Some Michigan stocks took an even harder beating than the market as a whole. As oil prices crashed, Marathon Oil Corp., which has a major refinery in Detroit, lost nearly half of its market value as its stock price declined 47%.

Detroit carmakers were hit hard, too. General Motors Co. had the steepest drop with its stock price off nearly 13.9% to close at \$24.69. Shares of Fiat Chrysler Automobiles NV dropped 10.9% to \$10.54. Ford Motor Co. shares fell 9.1% to \$5.90,

marking the first time in a decade that Ford's share price was below \$6.

Michigan stocks on average were down 8.5%, according to a Detroit News analysis.

"The OPEC oil fallout over the weekend has cast a shadow on the U.S. and global economy," said David Kudla, CEO of Grand Blanc-based Mainstay Capital Management LLC. "Automakers tend to be susceptible to larger selloffs during times of heightened market uncertainty." ...

... The market was also dragged down by another, intertwined development: Oil prices plunged nearly 25% after Russia refused to roll back production in response to virus-depressed demand and Saudi Arabia signaled it will ramp up its own output.

While low oil prices can translate into cheaper gasoline, they wreak havoc on energy companies and countries that count on petroleum revenue, including the No. 1 producer, the United States. ...

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