

Los Angeles Times

Dow goes negative for 2010 as sellers swarm

January 21, 2010

Wall Street's slump today wiped out the last of the [Dow Jones industrial average's](#) year-to-date gain -- and fueled fresh expectations that the market finally was on the verge of a significant decline.

And yes, you've heard the latter line before.

The 30-stock Dow ended down 213.27 points, or 2%, at 10,389.88, the biggest one-day drop since Oct. 30. The sell-off left the Dow off 0.4% for the year. As of Tuesday, the index had been up 2.8% for the year.

Some broader indexes are clinging to 2010 gains. The [Standard & Poor's 500](#), off 1.9% to 1,116.48 today, is up 0.1% for the year. The [Russell 2,000](#) small-stock index still is up 0.5% for the year after losing 1.8% today.

The Dow was slammed by heavy losses in its big-bank shares, including **JPMorgan Chase** and **Bank of America**, after President Obama [proposed limiting the size of the megabanks and restricting their ability to engage in securities trading for their own accounts](#). JPMorgan slid \$2.86, or 6.6%, to \$40.54; Bank of America fell \$1.02, or 6.2%, to \$15.47.

But most of the market's biggest losers today were commodity-related stocks, apparently reacting to worries about [China's plans to restrain bank lending and slow its economy](#).

Of the 10 major stock sectors in the S&P 500, the commodities sector sank 4.3% for the day, compared with a 3% decline for the financial sector. All 10 sectors were down in active trading. **Caterpillar**, the maker of earth-moving equipment and a favorite way to bet on China, fell 4.9% to \$56.85. Its loss accounted for 22 Dow points.

Some traders said market players have had their finger on the sell trigger since stocks hit 15-month highs on Tuesday. Today, Obama and China provided convenient excuses to pull back. Some analysts also pointed to fourth-quarter corporate earnings reports that haven't shown the significantly better-than-expected numbers the bulls had hoped for.

After the market closed, **Google** reported fourth-quarter sales [that missed some estimates](#). The stock tumbled to \$557 after hours after rising \$2.57 to \$582.98 in regular trading.

For the last 10 months, as stocks have rallied with only minor interruptions, even the bulls have warned that at some point a "correction" would hit -- meaning a drop of at least 10% in major indexes.

Is this finally it? The market's two-day slide has pulled the Dow down 3.1% from Tuesday's 15-month high. The S&P is off 2.9% and the Russell 2,000 is down 3.2%. If this is the correction, it's still early. **Joe Saluzzi**, veteran trader at **Themis Trading** in Chatham, N.J., said he believed that "the bulls still have control of the market. I think they're going to try to buy the dip."

Barry Ritholtz, head of market research firm FusionIQ in New York, also said he doubted that the market rally had peaked.

A pullback at this point “would likely create more pessimism and fear and then create one last leg up that would create the overconfidence associated with a top or a very long and protracted trading range,” he said.

They both think too many people are looking for a correction, and therefore that the market won't give the crowd what it wants.

But it's also true that the crowd sometimes gets it right.

-- Tom Petruno