



Stock Prices Plunge Again; Dow Off 300

Associated Press

By TIM PARADIS 01.23.08, 12:59 PM ET

NEW YORK -

Wall Street plunged yet again Wednesday, sending the Dow Jones industrials down as much as 323 points as investors grew increasingly anxious about the prospect of a recession. Disappointing reports from big names like Apple Inc. and Motorola Inc. dashed any notion that the Federal Reserve's emergency rate cut could in short order patch up the economy.

Bond prices rose as investors search for a safer place for their money.

In midday trading, the Dow Jones industrial average was down 268.34, or 2.24 percent, at 11,702.85. Broader stock indicators also skidded. The Standard & Poor's 500 index fell 34.51, or 2.63 percent, to 1,275.99.

Wall Street's latest slide occurred in tandem with a retrenchment in European markets, which fell after European Central Bank President Jean-Claude Trichet appeared unmoved by the Federal Reserve's decision to cut interest rates, according to Dow Jones Newswires. Some investors had hoped the ECB would signal willingness to cut rates.

The Fed's decision Tuesday to lower its federal funds rate by a steep 0.75 percentage point, or 75 basis points, to 3.5 percent eventually helped calm U.S. markets, but it remains clear that investors have doubts about the potency of the Fed action. Rate cuts typically take months to work their way into the economy.

Investors will require time to sort through the fallout from areas of trouble in the economy such as the housing market, said Alan B. Lanza, director at investment research firm LanzaGlobal.

"You're going to get the volatility because investors will see we're not out of the woods with the 75 basis point cut. I expect continued volatility and continued difficult times for the market to make significant progress," he said.

Meanwhile, the market's reaction to a disappointing forecast from Apple showed how fragile investor sentiment is.

The maker of the iPod issued a forecast for its fiscal second quarter that said sales would likely grow by 29 percent. The figure would represent faster growth than in earlier years but fell short of what Wall Street had expected.

Apple's expectations appeared to confirm worries about consumer spending. As consumers account for more than two-thirds of the economy, investors are keen on learning whether retailers and other companies will have a harder time prying open wallets. Apple fell \$26.90, or 17.3 percent, to \$128.74. Nasdaq composite index slid 80.62, or 3.52 percent, to 2,211.65.