

**BUSINESS & FINANCIAL OVERVIEW**

## Economic Worries Lead To Sell-Off On Wall Street - U.S. Commentary

Stocks moved sharply lower over the course of the trading session on Friday, more than offsetting the rally seen in the previous session. The Nasdaq and the S&P 500 pulled back well off Thursday's five-month closing highs.

The major averages saw further downside going into the close, ending the session at their worst levels of the day. The Dow tumbled 460.19 points or 1.8 percent to 25,502.32, the Nasdaq plummeted 196.29 points or 2.5 percent to 7,642.67 and the S&P 500 plunged 54.17 points or 1.9 percent to 2,800.71.

With the steep losses on the day, the major averages also moved lower for the week. The Dow slumped by 1.3 percent, while the Nasdaq and the S&P 500 slid by 0.6 percent and 0.8 percent, respectively.

The sell-off on Wall Street partly reflected profit taking, with traders cashing in on recent gains after yesterday's strong upward move.

Lingering uncertainty about trade talks between the U.S. and China also weighed on the markets ahead of another round of high-level negotiations next week.

Traders also continued to digest the Federal Reserve's dovish monetary policy announcement earlier in the week.

The Fed's decision to move away from plans to continue raising interest rates this year has been described by some analysts as an effort to keep the stock markets afloat amid an expected contraction in first quarter earnings.

The central bank has also been accused of bending to pressure from President Donald Trump, who has claimed U.S. economic growth would be even stronger if the Fed had not raised rates last year.

Chairman Jerome Powell has continually touted the Fed's independence, however, suggesting the dovish tone could also reflect legitimate concerns about the economic outlook.

Adding to the concerns about the outlook for the economy, the yield on the benchmark ten-year note fell below the yield on the three-month bond, which is seen by many as a reliable harbinger of a recession. Meanwhile, traders largely shrugged off a report from the National Association of Realtors showing a substantial rebound in existing home sales in the month of February.

NAR said existing home sales soared by 11.8 percent to an annual rate of 5.51 million in February after slumping by 1.4 percent to a revised rate of 4.93 million in January. Economists had expected existing home sales to surge up by 3.2 percent to a rate of 5.10 million from the 4.94 million originally reported for the previous month.

