WEB EXTRA | May 07, 2010

Dropping Dow

FINANCE | Whether Thursday's plunge was due to a typo or not, it revealed a volatile market and nervous investors | *Alisa Harris*

ASSOCIATED PRESS/PHOTO BY KIICHIRO SATO

NEW YORK—The Dow Jones took a rollercoaster ride Thursday, plunging a breathtaking 998 points in just minutes but rebounding later in the day to an overall loss of 348 points or 3.19 percent. At first people speculated that the slide was due to the financial turmoil in Greece; now sources are reporting that the plunge may be due to a simple typo—a trader inputting "billion" instead of "million." Whether the plunge is due to a mistake or not, the slipping stocks reveal a still-volatile market and investors who are nervous about the situation overseas.

Greece is pleading for a $140 billion rescue package now that the rating agency Standard & Poor's has relegated its bonds to junk status, meaning Greece is now a very risky place to invest. On Thursday, Greece's parliament passed austerity measures to narrow a 13.6 percent deficit. These measures would raise taxes and cut pensions and salaries for government workers. Citizens marched on parliament to protest the measures, turning ugly when they lobbed gas bombs and stones at police, shouting, "Burn this brothel of a parliament." The police retaliated with tear gas. Three bank employees burned to death in a bank that was set fire to by protesters—an act that Greek Prime Minister George Papandreou called "murderous."

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Iwan Azis, a professor at Cornell University, has a gloomy outlook on the American economy and believes the unrest in Greece will make it worse. Basing his prediction on an analysis of the financial markets, housing sector, and market confidence, Azis has predicted a double-dip recession when the temporary stimulus measures phase out and the influx of stimulus money ends. According to Azis, the situation in Greece, which he had not figured into his original prediction, only makes the prognosis worse.

In Greece, the recovery will be even slower than the United States, he predicts, since the European Central Bank (ECB) has been less willing to buy up private securities. The Federal Reserve bought trillions of bad securities—including the mortgage-backed securities that caused the markets to go bad when housing prices plummeted. He predicts that the the recovery in Europe will be slower than the one in the United States because of the ECB's unwillingness to take this step.

On Friday, the Bureau of Labor Statistics reported that there were 290,000 jobs created in Aprilthe most in four years--but the unemployment rate still rose from 9.7 percent to 9.9

percent as 805,000 people returned to the job search process. There are still 15.3 million unemployed. The Dow Jones bouncing yesterday shows how volatile and unstable the markets still are. That same kind of volatility, along with violence, already has played out in Greece.

Published May 07, 2010