

User Name: \_\_\_\_\_ Password: \_\_\_\_\_

[Remember Me](#) [Log In](#)

[Forgot your username or password?](#) | [Subscribe](#)

**NEWS** | **TODAY'S NEWSPAPER** | **MY ONLINE JOURNAL** | **MULTIMEDIA & ONLINE EXTRAS** | **MARKETS DATA & TOOLS**

**OTHER FREE CONTENT FROM THE WALL STREET JOURNAL**

**EDITORS' PICKS**

**Small Business Link:** Firms get creative to retain their best workers.

**Immigration:** Democratic overtures to Hispanic voters carry risks.

**Pious Funds:** Adherence to Islamic law has helped a fund's performance.

**Industry Aid:** Democrats' health-care plans may benefit insurers.

**Question of the Day:** Would you prefer to work for a man or a woman?

[Online Today](#) | [Law Deal Journal](#) | [Econ](#)

More [free features](#), [WSJ blogs](#) and [data](#).

**MORE EDITORS' PICKS**

**BLOGS**

Most Popular Posts

1. [MBAs Ask, What Credit Crunch?: Weekend Roundup](#)
2. [Amazon Wants Kindle Under Your Tree](#)
3. [A Telling Slip at the White House?](#)

**TODAY'S MARKETS**

# Housing, Credit Concerns Combine to Punish Stocks

By **STEPHEN GRO CER**  
November 19, 2007 4:22 p.m.

Stocks took a beating Monday, with the Dow Jones Industrial Average falling below 13000, as two old culprits -- financials and housing -- contributed to the market's widespread distaste for equities.

"We are seeing a continuation of the unwinding of investor optimism that we have been seeing since October," said Chris Johnson, chief executive of Johnson Research Group in Cincinnati.

All three major indexes were down more than 1% and decliners outnumbered advancers on both the New York Stock Exchange and the Nasdaq Composite Index by about five to one.

[Citigroup](#) was among the stocks casting the longest shadow over the market. The giant bank's shares dropped 5.8% after Goldman Sachs analyst William F. Tanona [cut the stock](#) to "sell" from "neutral" and estimated that Citigroup faces \$15 billion in write-downs on collateralized debt obligations over the next two quarters.

Citi's fall weighed heavily on the Dow Jones Industrial Average, pushing it down 218.35 points to 12958.44, only the second time since Aug. 16 that the blue-chip barometer closed below 13000.

Mr. Tanona also lowered his target price on shares of [Merrill Lynch](#), [Morgan Stanley](#), [Lehman Brothers](#), [Bear Stearns](#), [J.P. Morgan Chase](#) and [E\\*Trade Financial](#). Shares of all those companies declined more than 2%. E\*Trade was down more than 11%. Meanwhile,

**SEARCH** | **QUOTES & RESEARCH**

[Advanced Search](#) | Symbol(s) | Name

[Mutual Funds](#) | [ETFs](#)



**THE WALL STREET JOURNAL ONLINE**

**GET THE ONLINE JOURNAL TODAY** [Subscribe Now](#)

**MORE FROM TODAY'S JOURNAL**

\$ Subscription may be required | [Subscribe Now](#)

**PEOPLE WHO READ THIS...**

Also read these stories:

- [Goldman: Citi's \\$15 Billion Bill?](#)
- [Lowe's Posts 10% Drop in Net Income](#)

4. [Goldman's Bonus Scale Busting](#) [Countrywide Financial](#), which was not mentioned in the report, was down almost 9%.

[SEE ALL BLOGS](#)

#### MORE FREE CONTENT

>> [Personal Journal](#)

>> [Personal Finance](#)

>> [Leisure](#)

>> [Markets Data Center](#)

>> [Video](#)

>> [Blogs](#)

>> [Forums](#)

>> [Interactives](#)

>> [Autos](#)

>> [CareerJournal](#)

>> [RealEstateJournal](#)

>> [StartUpJournal](#)

>> [OpinionJournal](#)

>> [MarketWatch](#)

>> [AllThingsDigital](#)

"Investors are trying to catch a falling knife moving at terminal velocity with financials," said Mr. Johnson. "They keep saying they can't go lower. But a couple of write-downs later and, guess what, they can go lower."

Other market gauges also fell sharply. The S&P 500 dropped 25.47 to 1433.27, and the Nasdaq Composite Index declined 43.86 to 2593.38.

Goldman's sweeping downgrade compounded renewed credit-market jitters stirred in part by Swiss Re's announcement earlier Monday that it accrued after-tax losses of about \$876 million on its subprime credit exposure.

#### MARKETS ON THE MOVE

Track indexes and hot stocks, with roll over charting and headlines. Plus, comprehensive coverage of bonds, commodities and forex. Markets Data Center highlights:

[Most Actives](#), [Gainers](#), [Losers](#)  
[New Highs and Lows](#), [Money Flows](#)  
[Intraday Futures](#) and [Currencies](#)



#### MARKET WRAP

- [European Shares Fall](#)
- [Asian Markets End Mostly Lower](#)
- [Stocks End Up After Bumpy Session](#)

Meanwhile, woes in the housing market hit [Lowe's](#). Shares of the No. 2 U.S. home-improvement retailer dropped 7.1% after it posted a 10% decrease in fiscal third-quarter net income and again lowered fiscal-year expectations due to turmoil in the housing market. Lowe's warned that industry pressures will continue into 2008.

Compounding the housing-related gloom, the National Association of Home Builders' index for sales of new, single-family homes was unchanged at

19 in November. David Seiders, the trade group's chief economist, said that while builders "continue to work down inventories of unsold homes and reposition themselves for the market's eventual recovery, they realize it will be some time before market conditions support an upswing in building activity -- most likely by the second half of 2008."

The news, which was released at 1 p.m. EST, helped push stocks down even further and sent investors scurrying into Treasuries as they sought the safety of the government bond market.

"The professional money manager, who had terrific gains up until the end of October, is trying to protect some of those gains in order to salvage out what they can for the rest of the year," said chief investment officer at Oaktree Asset Management. "And there doesn't seem to be a catalyst out there to cause them to step up and start buying."

Tony Dwyer, equity-market strategist at FTN Midwest Research, also noted concern about slowing global economic growth and new restrictions placed on lending in China. Chinese officials [announced a freeze](#) on bank lending aimed at curbing an investment boom that threatens to overheat the economy.

Monday did see a few winners. [EchoStar Communications](#) shares jumped 19% after Barron's reported that [AT&T](#) is putting together a bid to

- [Hedge Funds Shake Off Summer Jitters](#)
- [Oil-Supply Limit May Loom, Officials Say](#)
- [Weak Dollar Has Smaller Impact on Inflation](#)

Recommendations by [loomia](#) [What's This?](#)

#### ▶ WHAT'S NEWS

- [Amazon Makes E-Book Move](#)
- [Lowe's Posts 10% Drop in Net Income](#)
- [China Freezes Lending to Curb Investing Frenzy](#)
- [Oil-Supply Limit May Loom, Officials Say](#)
- [Goldman: Citi's \\$15 Billion Bill?](#)

[MORE](#)

#### ▶ WHAT'S POPULAR

1. [Drug That Lengthens Eyelashes Sets Off Flutter](#)
2. [China Freezes Lending to Curb Investing Frenzy](#)
3. [Oil-Supply Limit May Loom, Officials Say](#)
4. [Teens' Dance Moves Split a Texas Town](#)
5. [Stocks Down on Housing and Credit Concerns](#)

[MORE](#)

#### ADVERTISERS LINKS

[What's This?](#) | [Get Listed](#)

buy the satellite-television provider before year end. And shares of [Pharmion](#), a maker of blood-cancer treatments, jumped 32.8% to \$65.40 after it [agreed to be bought](#) for \$72 a share, or \$2.9 billion, of cash and stock by [Celgene](#). The offer marked a 50% premium to where its shares closed on Friday.

The dollar dropped against the yen and the euro on Monday. Gold futures rose 40 cents to \$787.40 ounce.

In major market action:

**Stocks were lower.** On the New York Stock Exchange, 580 stocks advanced and 2,728 declined.

**The dollar declined.** The euro traded at \$1.4664 from \$1.4649 late Friday, while the dollar was at 109.82 yen from 110.82 yen.

**Bonds gained.** The two-year note was up 8/32 at 3.18% and the 10-year note was up 19/32 at 4.08%.

Write to Stephen Grocer at [stephen.grocer@wsj.com](mailto:stephen.grocer@wsj.com)

## RELATED ARTICLES AND BLOGS

Related Content may require a subscription | [Subscribe Now -- Get 2 Weeks FREE](#)

### Related Articles from the Online Journal

- [Today's Markets](#)
- [Premarket: Citigroup Cut; Exxon Sinks](#)
- [Stocks Fall, Yen Gains As Risk Aversion Picks Up](#)
- [Russia Cracks the List of Top 20 Exchanges](#)

### Blog Posts About This Topic

- [Daily Review. 14th November, 2007](#) finam.blogspot.com
- [AP Headlines](#) | marketplace.publicradio.org

**More related content** Powered by Sphere 

 [EMAIL THIS](#)

 [FORMAT FOR PRINTING](#)

 [MOST POPULAR](#)

 [ORDER REPRINTS](#)

Sponsored by

 [DIGG THIS](#)

 [GET RSS FEEDS](#)

 **TOSHIBA**  
Leading Innovation >>>

[Return To Top](#)

[Subscribe](#) [Log In](#) [Take a Tour](#) [Contact Us](#) [Help](#) [Email Setup](#) [Customer Service: Online](#) | [Print](#)

[Privacy Policy](#) [Subscriber Agreement & Terms of Use](#) [Mobile Devices](#) [RSS Feeds](#)

[News Licensing](#) [Advertising](#) [About Dow Jones](#)

