Stocks sag around globe, dollar drops as US Treasuries rise
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Wall Street stocks slumped yesterday, extending a broad retreat in global equities markets from a six-year high touched last week, while US Treasuries' yields moved lower.

The dollar fell against major currencies as comments by European Central Bank policymakers curbed expectations of more euro zone economic stimulus and boosted the euro against the greenback.

On Wall Street, the biggest decliners were Internet stocks. The Nasdaq had its worst three-day decline since November 2011, while the three-day decline for the S&P 500 was its steepest since late January.

The Dow Jones industrial average fell 166.84 points, or 1.02%, to 16,245.87, the S&P 500 lost 20.05 points or 1.08%, to 1,845.04 and the Nasdaq Composite dropped 47.973 points or 1.16%, to 4,079.753.

Some equities investors, including those rotating into defensive names to protect against further losses, worried that the declines may run on.

"The big concern is the overall underlying weakness in so many different stocks," said Ryan Detrick, senior technical strategist at Schaeffer's Investment Research in Cincinnati, Ohio. "The picture isn't nearly as pretty when you look under the hood, and you see various sectors have clearly broken down, and now it's starting to pull down on the whole entire stock market."

Pfizer Inc, down 3% at US$31.20 (RM102.09), pressured the Dow and S&P 500. Pfizer's experimental breast cancer drug nearly doubled the time patients lived without their disease getting worse in a clinical trial. But overall survival was not shown to be statistically significant, researchers said.

Earlier in the global trading day, Japan's Nikkei fell 1.7%, while the FTSEurofirst 300 index of top European shares gave up 1.2% at 1,336.11, down from a 5-1/2-year high on Friday.

Britain's top equity index, the blue-chip FTSE 100 index, had its biggest one-day decline in a month, retreating from a three-week high as a drop by house builders weighed on the market.
The MSCI world equity index was down 0.87%.

World equity markets had three straight weeks of gains as easing tensions in the Crimea region of Ukraine encouraged investors to add risks.

"Markets are overbought over the short term. We have seen a decent run after the Crimean situation cool down a little bit and now it's quite natural to see a breather from that level," said Gerhard Schwarz, head of equity strategy at Baader Bank.

Wall Street's woes helped lift US Treasuries prices, extending gains from last week as traders reduced bets the Federal Reserve might raise interest rates in the first half of 2015.

Benchmark 10-year Treasuries were up 9/32 in price to yield 2.692%, down 3 basis points from late on Friday, while the five-year note was 5/32 higher, yielding 1.668%, down nearly 4 basis points from Friday.

The 30-year bond rose 19/32 for a yield of 3.553%, down 3 basis points from late on Friday. Treasuries have strengthened in advance of the sale this week of US$64 billion in coupon-bearing securities, which typically causes bond prices to fall as investors make room for the supply.

"The driving factors this week are supply and whether the stock market falls off the cliff," said Thomas Roth, executive director of US government trading of Mitsubishi UFJ Securities in New York.

The dollar lost 0.25% against a basket of six major currencies. The euro rose 0.3% to US$1.3742.

Comments from ECB policymakers Ewald Nowotny and Yves Mersch yesterday suggested more monetary easing from the central bank was not imminent, which lifted the euro against the dollar.

Nowotny said there was no need to act immediately to counter euro zone disinflation, while Mersch said that while the central bank was drawing up plans for large-scale asset purchases, it remained some way off.

US oil futures dipped below US$100, falling more than a dollar a barrel after stock markets tumbled, with Brent crude oil prices losing even more on the prospect of additional supplies from Libya.

Gold also fell, with some investors taking profits after a run-up of 1% on Friday credited to a short-covering rally by investors who had worried US jobs data would top forecasts. Spot gold was down 0.4% at US$1,298.70 an ounce in late New York trading. – Reuters, April 8, 2014.

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