

BUSINESS

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Stocks fall on interest worries

Dow plummets by 130 points

BY NICK GODT
MarketWatch

NEW YORK — U.S. stocks fell sharply Wednesday, with the Dow Jones Industrial Average posting a loss of more than 100 points, after news that unit labor costs jumped in the first quarter fueled concerns over inflation, interest rates and rising bond yields.

Losses accelerated in mid-afternoon trade but were pared somewhat in the final half-hour.

"We've had a rough couple of days, with bond yields approaching 5 percent," said Jay Suskind, director of trading at Ryan, Beck & Co. "This market has been strong, so it's an excuse to take money off the table, but this move is clearly interest-rate driven."

The Dow industrials closed down almost 130 points at 13,465, after earlier trading as low as 13,437.

Of the Dow's 30 components, 25 retreated, including Dupont, Home Depot Inc., IBM, Intel Corp., and United Technologies.

Concerns about European stocks also weighed on the U.S. market, after Morgan Stanley issued "a full house sell signal" on the region, predicting a 14 percent correction over the next six months.

In addition, reports that Turkish troops have entered Northern Iraq while chasing Kurdish guerrillas, added to overall jitteriness while pushing oil prices briefly above \$66 a barrel, traders said.

The S&P 500 index fell 13.57 points to 1,517.38, while the Nasdaq Composite lost 24.05 points to 2,587.18.

Trading volumes showed 1.548 billion shares exchanging hands on the New York Stock Exchange and 2.122 billion trading on the Nasdaq stock market. Declining issues outpaced gainers by 13 to 3 on the NYSE and by 20 to 9 on the Nasdaq.