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DOW SINKS 2,000 POINTS
IN WORST DAY SINCE 2008, S&P 500 DROPS MORE THAN 7%

www.cnbc.com

By Yun Li

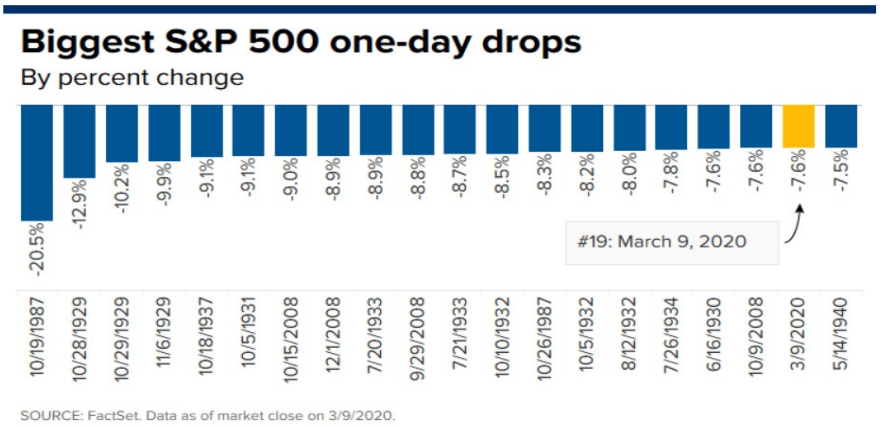
MAR. 8, 2020

Stocks cratered Monday as investors grappled with the sinking price of oil and the spread of the coronavirus.

The Dow Jones Industrial Average sank more than 2,000 points on Monday, its worst day since 2008, as fears about the spread of the new coronavirus and an oil price war sent investors scrambling out of stocks.

The Dow dropped 2,013.7 points — 7.79% — as Boeing, Apple, Goldman Sachs and Caterpillar cut the index by at least 100 points each. The Dow ended the day at 23,851.02 and represented its single-worst day since Oct. 15, 2008, when it fell 7.87%.

The S&P 500 plunged 7.6% to 2,746.56 as investors punished financials and energy stocks. Energy names in the S&P 500, including Exxon Mobil, Hess and Marathon Oil, finished the day down more than 20%. Financial stocks ended down more than 10%. The equity benchmark suffered its worst day since Dec. 1 2008.



The Nasdaq Composite fell 7.29% to end the day at 7,950.68.

The massive sell-off triggered a key market circuit breaker minutes after the opening bell. Trading was halted for 15 minutes until reopening at 9:49 a.m. ET. The sharp declines on Monday followed a roller-coaster week that saw the S&P 500 swing up or down more than 2.5% for four days straight.

Investors continued to seek safer assets amid addi-tional fears that the coronavirus

will disrupt global supply chains and tip the economy into a recession. The yield on the benchmark 10-year Treasury note dropped below 0.5% for the first time ever, while the 30-year rate breached 1%. At one point early Monday, the 10-year slid to 0.318%.

Much of Monday's anxiety came after Saudi Arabia on Saturday slashed official crude selling prices for April in a sudden U-turn from previous attempts to support the oil market. The move came after OPEC talks collapsed Friday, prompting some strategists to see oil prices crater to $20 per barrel this year.

"Crude has become a bigger problem for markets than the coronavirus," Adam Crisafulli, founder of Vital Knowledge, said Sunday. "It will be virtually impossible for the [S&P 500] to sustainably bounce if Brent continues to crater," he added.

The double punch — with the coronavirus hitting crude demand and failed OPEC talks sparking a supply-side price war — sent crude careening to its worst day since 1991.

International benchmark Brent crude futures plummeted 24% to $34.44 per barrel after dropping 30% earlier. U.S. West Texas Inter-mediate crude futures sank 24% to $31.13 per barrel.

Bank stocks, under pressure from declining interest rates, swooned again amid profit fears and concerns that the oil crash could cause spark defaults amongd ebt-heavy energy companies. JPMorgan, Citigroup and Bank of America all plunged more than 13%.

President Donald Trump blamed the media and the oil price war for the stock rout on Monday, arguing in a series of tweets that lower gasoline prices are "good for the consumer."

Investors have already been on edge about the coronavirus outbreak that caused major stock averages to tumble into correction territory. As of Monday, global cases of the infection have climbed to more than 111,000 with at least 3,800 deaths around the world. The situation is also worsening in the U.S. with New York, California and Oregon all declaring states of emergency.

"The idea that lower gasoline prices is going to put more cash in workers' pockets and give consumer spending and the economy a boost doesn't seem to cushion the blow for stock market investors," Chris Rupkey, MUFG Union Bank's chief financial economist, said in a note.

> *"...Wall Street's woes have to eventually hit Main Street's economy hard."*

"They want out. Big time. The sky is falling. Get out, get out while you can. Wall Street's woes have to eventually hit Main Street's economy hard."

Gold, another safe-haven asset, crossed $1,700 an ounce, hitting its highest level since December 2012.

Copper prices hit a more than three-year low of $2.46. Copper is seen as a barometer of broad economic demand given its applications in electrical equipment and manufacturing.

More Fed Rate Cuts?

The Federal Reserve announced an emergency rate cut last week to combat the economic impact from the virus, its first such move since the financial crisis. President Donald Trump on Friday signed a sweeping spending bill of an $8.3 billion package to aid medical research.

The New York Fed said Monday it will increase the amount of money it is offering to banks for their short-term funding needs. To make sure the funding, or repo, markets are working properly, the central bank said it will up the amount it offers in overnight operations from $100 billion to $150 billion through Thursday.

Traders expect the central bank to slash rates by three-quarters of a percentage point at its March meeting next week. Chances for a full percentage point cut this month were at 29.2%, according to the CME FedWatch tracker.

"This is just the need for fiscal policy," CNBC's Jim Cramer said on "Squawk on the Street Monday. "Monetary policy is over."

The iShares High Yield Corporate Bond ETF (HYG) fell 4.5%, on concerns that a oil price crash will cause many small energy companies to default, hitting the high-yield credit market that they've become so a large part of.

GOOD MORNING AMERICA,
ALL HECK BROKE LOOSE IN THE MARKETS OVERNIGHT

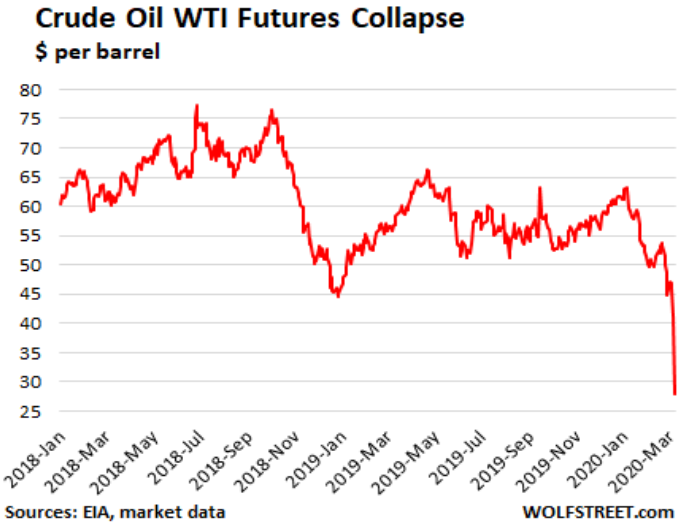
www. wolfstreet.com

by Wolf Richter

MAR. 8, 2020

WTI crude oil futures collapsed by 32.3% on Sunday evening, to $27.96 a barrel at the moment, the lowest since the darkest oil-bust days of February 2016:

This plunge comes after Saudi Arabia's Aramco announced it would slash prices to its customers for April.



In addition, there were strategically placed rumors that Aramco would also increase production from the current 9.7 million barrels per day to 10 million barrels per day when the previously agreed production cuts expire at the end of March. This is its move in a price war with Russia over market share.

On Friday, Russian Energy Minister Alexander Novak had thrown down the gauntlet when he told reporters at the OPEC+ meeting in Vienna: "As from 1 April we are starting to work without minding the quotas or reductions which were in place earlier."

The primary target of this price war, however, are the investors in the US shale oil sector. These investors – chasing yield and looking for deals – have been fueling the shale oil sector's relentless and highly efficient cash-burn machines with hundreds of billions of dollars over the years. And the sector keeps ramping up production not matter how much money they lose and how much cash they burn.

By crushing these investors and sending a bunch of these shale-oil companies into bankruptcy, Saudi Arabia and Russia might hope that new money will refuse to flow into the US shale oil sector, and that the companies will run out of cash to burn, and that production in the US will finally decline and take some pressure off the market.

The timing is impeccable. US shale oil production is still hitting records, flooding the market with crude oil and petroleum products, even as OPEC and Russia were trying to agree to lower production to prop up prices in face of declining global and US oil consumption, now driven by plunging demand from airlines globally and from drivers in China and other countries that have been hit hard by the coronavirus.

If OPEC and Russia increase production in the second quarter, with US production still ramping up and demand globally in steep decline due to the efforts to slow the spread of the coronavirus, then global markets will be awash in oil. And the expected collapse in prices is now being priced into crude oil futures.

Stock Futures Plunge.

US stock futures plunged in overnight trading, with futures on the Dow Jones Industrial Average down 1,222 points, or 4.7%; with the Nasdaq futures down 4.8%, and with S&P 500 futures down 4.9%:

Asian Stock Indices Plunge.

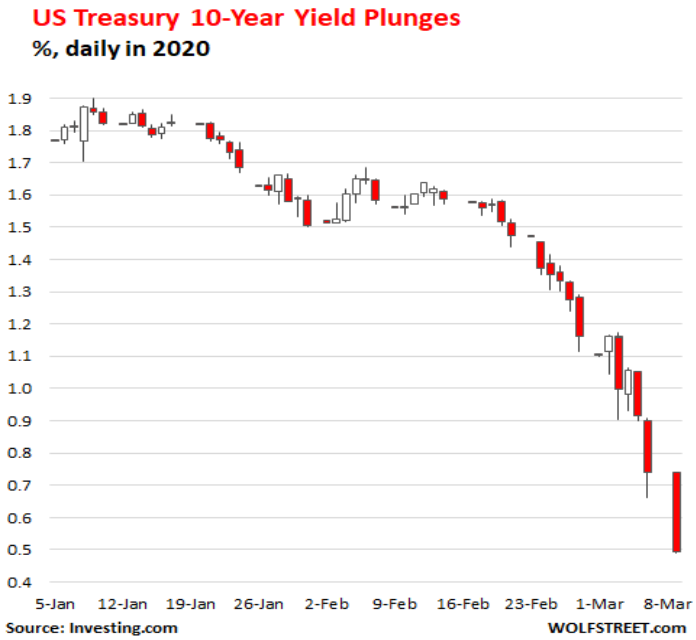
In early trading on Monday in Asia, it was bloodletting-time all around:

- Japan's Nikkei 225 index: -6.1% to 19,473.
- Hong Kong's Hang Seng: -4.0% to 25,075.
- In China, despite the government, state-owned banks, and state-controlled market players struggling mightily to contain the damage, the Shanghai Composite Index: -2.4% to 2,961.
- India's BSE Sensex: -3.3% to 36,340.
- Singapore's FTSE Straits Times Index: -4.4% to 2,832.

The 10-Year Treasury Yield Falls Closer to 0%.

Under huge demand by spooked investors trying to flee risky assets, 10-year Treasury prices rose and the yield plunged 25 basis points from the record-low close on Friday, following the plunge on Friday and the plunges on prior days. Sunday night, the yield fell to 0.496%.

The chart below reeks of fear. The Fed should just take this opportunity to express its unbroken confidence in the markets by doing the opposite of what those spooked investors are doing, and it should sell its longest-dated Treasury securities, which would not only inspire confidence but also satisfy investor demand, hahahaha:



Gold Jumps.

In line with the theory that this is sheer fear expressing itself here, gold futures jumped 1.6% Sunday night, or by $28 an ounce, to $1,702 an ounce, the highest since December 2012.

So this turmoil in the markets overnight should — and I'm going to stick my neck out here — make for some highly caffeinated trading in regular hours in the US on Monday. Whiplash warning in effect.

$2.5 TRILLION WIPED OUT AS WORLD STOCKS CRASH MOST SINCE 2008

www.zerohedge.com

by Tyler Durden

MAR. 09, 2020

As we previously noted, S&P futures triggered a "level one circuit breaker" after falling 7%, which means trading will be halted for 15 mins. The movement of US equity futures today is likely crash, then halt, crash, then halt.

It's only a matter of time before more intervention is seen…

As for global stocks, it's much of the same. MSCI All-Country World Stock Index is down 5.3%, on the worst day since December 2008. The move has wiped out approximately $2.5 trillion in value of global stocks, noted Reuters.

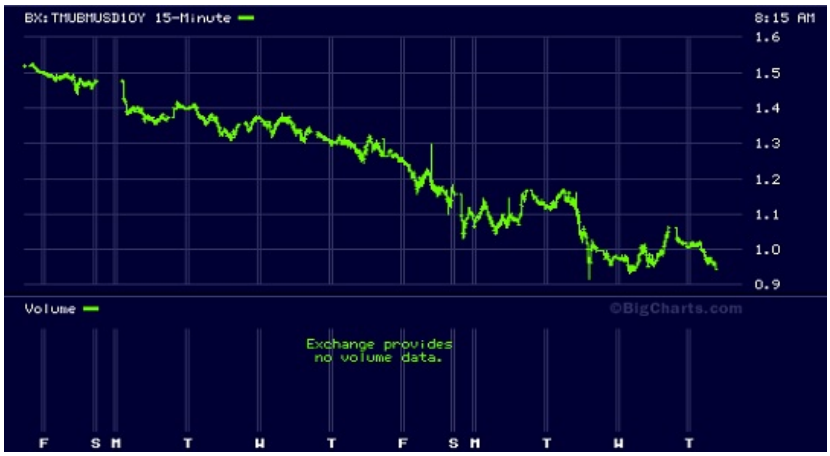
As a reminder:

- If the S&P 500 declines 7%, (208 points), trading will pause for 15 min
- If declines 13%, (386 pts) trading will again pause for 15 mins
- If falls 20%, (594 pts) the markets would close for the day.

Trading halts are currently sweeping across the world, one of the first times since the 2008 financial crisis. *Black Monday* Americans are panic searching "Black Monday" on Google as their 401ks plunge. Related queries include "Vix," "NYSE circuit breakers," "what was Black Monday," and "Black Monday October 1987."

The search term "market halt" exploded at cash open.

Not surprising whatsoever, but Robinhood trading app is down again - search term "Robinhood down" erupts into cash open.



Yield on 10-Year U.S. Treasury Note Over Past 10 Days

BANK BAILOUTS NOW - DEMAND FOR FED'S REPO LOANS SURGES PAST $100 BILLION A DAY AS 10-YEAR TREASURY HITS LOWEST RATE IN 149 YEARS

wallstreetonparade.com

By Pam Martens and Russ Martens

MAR 5, 2020

Federal Reserve Chairman Jerome Powell certainly has an odd notion of what constitutes an "orderly" market. At his press conference on Tuesday, following the announcement that the Fed was cutting its Fed Funds rate by a half point without waiting for its regularly scheduled meeting when rate cuts are normally deliberated, Powell said that "financial markets are functioning in an orderly manner and all that sort of thing."

Challenging Powell's assessment of "orderly," the Dow dropped 603 points in the span of less than 30 minutes while he was speaking at his press conference and trying his best to bolster confidence in the market. That didn't seem very orderly.

On top of that, at 8:45 a.m. that very morning, the New York Fed had pumped $100 billion in 1-day repo loans into the trading houses on Wall Street, $8.6 billion short of what the trading houses had sought to borrow. Even at the peak of the repo loan crisis that began on September 17, 2019 and through the end of January 2020, the Fed had never pumped out $100 billion in 1-day repo loans on a single day. Yesterday, the Fed pumped out another $100 billion in 1-day repo loans against demand for $111 billion – further evidence that Wall Street firms are in need of liquidity.

This is the first time since the financial crisis of 2008 that the Fed has been making repo loans to Wall Street. The Fed is also purchasing $60 billion a month in U.S. Treasury bills, which many folks on Wall Street consider the fourth round of quantitative easing (QE). The Fed deployed QE1, QE2, and QE3 following the 2008 financial collapse on Wall Street to further ease interest rates on top of cutting its Fed Funds rate to the zero-bound.

As for orderly functioning in the stock market, the Dow Jones Industrial Average has closed with multiple 1,000-point drops and spikes higher in the past week and a half. That's certainly not orderly functioning.

Also, the collapsing yield on the 10-year U.S. Treasury note is screaming that markets see a crisis in the offing. Remember, markets represent the composite wisdom of all participating investors. That composite wisdom is likely a better barometer of what is actually going on than the Fed Chair's optimistic spin.

The 10-year U.S. Treasury note has lost 37 percent of its yield in the past 10 days. For the first time in 149 years, it is trading below a yield of one percent. This morning at 8:58 a.m. it was trading at a yield of 0.9456.

The Great Depression is considered the worst financial crisis in the history of the United States. The financial collapse in 2008 is ranked second to that. And yet during the Great Depression which spanned the 1930s, the 10-year yield was in the 2 to 3 percent range.

That statistic alone strongly suggests that despite the Fed secretly throwing $29 trillion cumulatively to bail out Wall Street banks and their derivatives following the crash of 2008, the United States has never actually returned to a self-sustaining economy.

Despite the massive corporate tax cut by the U.S. government in December of 2017, which was supposed to fuel annual economic growth above 3 percent, that has never materialized and the Organization for Economic Co-operation and Development (OECD) is projecting just 1.9 percent GDP growth for the U.S. this year.

THERE'S A 70% CHANCE THAT A RECESSION WILL HIT IN THE NEXT SIX MONTHS…

cnbc.com

By Pippa Stevens

FEB. 5, 2020

… according to new research from the MIT Sloan School of Management and State Street Associates.

The researchers created an index comprised of four factors and then used the Mahalanobis distance — a measure initially used to analyze human skulls — to determine how current market conditions compare to prior recessions.

"The Mahalanobis distance was originally conceived to measure the statistical similarity of the values of a set of dimensions for a given skull to the average values of those dimensions for a chosen group of skulls," the researchers explained.

It measures the distance between a point and a certain distribution.

Using this principle, the researchers analyzed four market factors — industrial production, nonfarm payrolls, stock market return and the slope of the yield curve — on a monthly basis. They then measured how the current rent relationship between the four metrics compares to historical readings.

Looking at data back to 1916, the researchers said that the index was a reliable recession indicator since it rose leading up to every prior recession. They found that when the index topped 70%, the likelihood of a recession in the next six months rose to 70%.

As of November 2019, the reading on the index was 76%.

In January, private payrolls posted the highest monthly gain since May 2015, and December housing starts soared to a 13- year high. The U.S. economy grew 2.1% in the fourth quarter of 2019, and 2.3% for the entire year. The U.S. and China signed a "phase one" trade deal in January after months of geopolitical tensions rocking the market. All of these factors suggest continued economic expansion ahead.

Even with recent market jitters, many Wall Street strategists are still forecasting gains for the year.

"The fundamental backdrop is supportive, in our view, and the fallout from the outbreak is unlikely to hurt [economic] activity prints over the medium term," Mislav Matejka, JPMorgan's head of global and European equity strategy, said in a note Monday. "Our call remains that one should not expect a US recession ahead of presidential elections."

CORONAVIRUS WILL CHANGE HOW WE SHOP, TRAVEL AND WORK FOR YEARS

newsmax.com

MAR. 14, 2020

Every economic shock leaves a legacy. The deadly coronavirus will be no different.

This time it's a public health emergency that's shaking up the world economy. In just a matter of weeks, people in affected areas have become accustomed to wearing masks, stocking up on essentials, canceling social and business gatherings, scrapping travel plans and working from home. Even countries with relatively few cases are taking many of those precautions.

Traces of such habits will endure long after the virus lock downs ease, acting as a brake on demand. On the supply side, international manufacturers are being forced to rethink where to buy and produce their goods -- accelerating a shift after the U.S.-China trade war exposed the risks of relying on one source for components.

In the white-collar world, workplaces have amped up options for teleworking and staggered shifts -- ushering in a new era where work from home is an increasing part of people's regular schedule.

Universities stung by travel bans will diversify their foreign student base and schools will need to be better prepared to keep educating online when breakouts force their closure.

The tourism sector is seeing the most drastic hit, with flights, cruises, hotels and the web of businesses who feed off the sector struggling. While tourists will no doubt be eager to explore the world and relax on a beach again, it may take some time before the industry that hires about one in 10 people recovers.

Analysis by Bain & Company found that China will see pronounced immediate changes in health care as more and more rudimentary checkups and transactions are conducted through online channels to avoid the risk of contamination in crowded waiting rooms and wards.

This time around, we expect changes to everything from online schooling and distance learning to industrial strategy as existing business models are reworked.