



# Stocks off to worst start ever

By **Matt Krantz**, USA TODAY

Wall Street's ongoing struggles reached historic proportions Tuesday when another sell-off sent stocks to their worst first five trading days of a year ever.

Following comments from AT&T's CEO indicating that consumer businesses may be weak, traders sent stocks into a late-afternoon slide that ended with the Standard & Poor's 500 down 26 points, or 1.8%, to 1390. The Dow Jones industrial average, which like the S&P 500 has AT&T ([T](#)) as a member, sank 238 points, or 1.9%, to 12,589.

The markets' declines added to the losses that have been mounting since last October. "It was nasty," says Chuck Stutenroth of ZAR Fund Group. "We had November, December and now, this."

And "this," so far, means:

•**Worst start to a year.** The S&P 500 has lost 5.3% in just five days. That's the benchmark's worst first five days, topping the 5.2% loss at the start of 1932, says Howard Silverblatt of S&P.

**FIND MORE STORIES IN:** [AT](#) | [Standard](#) | [Dow](#) | [Nasdaq](#) | [Michael Farr](#)

The first five days hold import with investors, because a strong first five days have been followed by a strong year 86% of the time, says the *Stock Trader's Almanac*. A weak start, though, doesn't mean a lousy year: In 1991, the S&P jumped 26.3% for the year despite falling 4.6% in the first five days.

•**Return to correction territory.** All three major stock indexes, the S&P 500, Dow and Nasdaq, are now more than 10% below recent highs, meaning the stock market is in an official "correction" for the second time in little more than a month. The S&P 500 is off 11.2% from its high last October, and below where it bottomed following the November plunge.

The correction has been a slap of reality for investors who thought stocks were immune to problems from the weakening economy, says Michael Farr of Farr Miller & Washington. "Investors have been complacent for too long," he says. "This will be a year to endure."

•**Even worse damage below the surface.** Nearly 1,000 of the stocks in the broad S&P 1500, which contains shares of small, midsize and large companies, are in a bear market, since they're down 20% or more from their highs the past 52 weeks, according to a USA TODAY analysis of data from Bridge Information.

That's extending a trend that gained steam last year. In 2007, 453 of the S&P 1500 stocks ended with a loss of 20% or more for the year. That's nearly triple the number that fell 20% or more in 2006 and more than double the number that did so in 2005, according to a USA TODAY analysis of data from S&P's Capital IQ. "It's all been about navigating the land mines," says David Sowerby of Loomis Sayles.

The deluge of stocks suffering bear-market-size losses tells Robert Maltbie of Millennium Asset Management that the wait for a bear market is over. It's here, he says; ask investors who've owned the wrong stocks. Bear markets don't announce their arrival, he says. "They start taking (stocks) out one by one."