

# Dow drops more than 300; oil

Fed expected to boost short-term interest rates next week

Ed Brackett  
and Matt Krantz  
USA TODAY

The stock market capped off its worst week since August on Friday as oil prices set a new seven-year low and investors braced for the increasing certainty that the Federal Reserve will boost short-term interest rates next week.

The Dow Jones industrials average fell 309.54 points, or 1.8%, to 17,265.21. The Standard & Poor's 500 fell 1.9%, and the Nasdaq composite lost 2.2% to 4,933 for its first close below 5,000 in nearly a month.

A renewed slide in oil prices fanned fears of weak economic demand. A barrel of U.S. oil lost 2.5% to about \$35.62, a level last seen in early 2009.

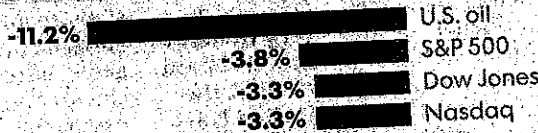
Skidding prices of high-yield debt in the junk bond market also unnerved investors. The SPDR Barclays High Yield Bond exchange-traded fund lost 2% as news of closure of a major mutual fund in the sector raised concern of more trouble ahead.

The market has grown increasingly volatile as investors look ahead to next week's meeting of the Fed's policy-making committee and what the central bank has signaled will likely bring its first

## slips under \$36 a barrel

### A NASTY WEEK

Stocks had their worst week since August, but it was nothing compared to what happened to oil.



Source USA TODAY research

interest rate hike in nearly a decade. Record-low interest rates near 0% have been one of the major fuels for the bull market.

Investors' top concern is that companies are going to have in-

creasing difficulty growing, says Jack Ablin of BMO Private Bank. Weak oil prices — an indication of falling demand — underscore those worries.

"Growth concerns are real," he says. "Companies are using their balance sheets to prop up weak income statements."

Friday's losses capped off a nasty week, the ugliest since the summer. The S&P fell 3.8% for the worst weekly performance for the U.S. benchmark index since the week ended Aug. 21.

The Dow and S&P are sinking deeper into the red for 2015. The Dow is down 3.1% for the year and the S&P is off 2.3%.