Trader Gregory Rowe, right, works at the New York Stock Exchange. Stocks fell Thursday as unease over Europe's problems overshadows an encouraging U.S. jobs report and good results from big retailers. R. DREW/AP

Stocks fall on EU, grim US economic reports 5/18/12

The Associated Press

NEW YORK — The Dow Jones industrial average posted its 11th loss in 12 days after a pair of discouraging economic reports unnerved investors already worried about a possible exit from the euro by Greece.

The Dow lost 156.06 points to close at 12,442.49. It's now down 6 percent for the month so far and could be headed for its first losing month since September. The two-week slump represents a sharp turn downward since May 1, when the index closed at a four-year high.

The slide, largely because of rising worries over a breakup of the European currency union, has stripped the Dow of much of this year's gains. As of the start of May it was up 8.7 percent for 2012; now it's up just 1.8 percent.

"Europe is very much on investors' minds," said Brian Gendreau, market strategist at broker-dealer Cetera Financial Group. "It's been two years with multiple bailouts involving Ireland, Portugal and Greece and things don't seem to be getting better."

The dollar, Treasury prices and gold all rose as traders sought refuge in lower-risk assets. The yield on the 10-year Treasury note dove to 1.70 percent, 2012's the lowest level.

Indexes opened lower on Wall Street after drops in European markets. The declines accelerated at mid-morning after the Federal Reserve Bank of Philadelphia said manufacturing slowed in the mid-Atlantic region for the first time in eight months. The report was far worse than analysts had been expecting. In other trading, the Standard & Poor's 500 index fell 19.94 points to 1,304.86, its lowest close since Jan. 17. The Nasdaq fell 60.35 points to 2,813.69.

The Conference Board said its measure of future U.S. economic growth fell in April after six months of increases. The drop came from fewer requests for building permits and a spike in applications for unemployment benefits.