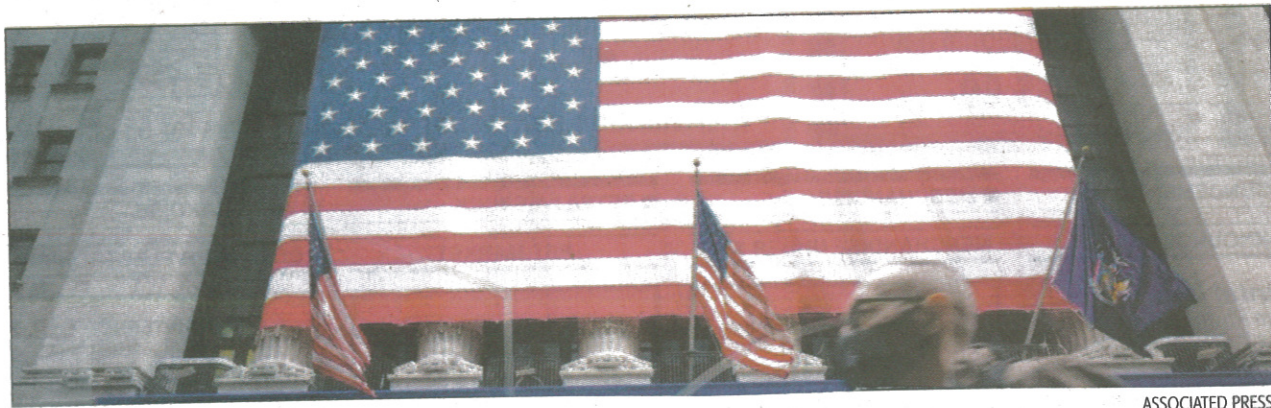


# Dow sinks 1,800 as virus cases rise, optimism wanes



ASSOCIATED PRESS

A man wearing a protective face mask passes the New York Stock Exchange on May 26 as employees arrive for the partial reopening of the trading floor. Stocks fell sharply Thursday on Wall Street as coronavirus cases in the U.S. increased again.

BY ALEX VEIGA  
AND DAMIAN J. TROISE  
ASSOCIATED PRESS

Stocks fell sharply Thursday on Wall Street as coronavirus cases in the U.S. increased again, deflating recent optimism for a quick economic recovery and raising more doubts about how long the market's scorching comeback can last.

The Dow Jones Industrial Average sank more than 1,800 points and the S&P 500 dropped 5.9 percent, its worst day since mid-March, when stocks went through repeated harrowing falls as the virus lockdowns began.

Many market watchers have been saying that the comeback in the market since late March was overdone and did not reflect the dire state of an economy in its worst crisis in decades. The S&P 500 rallied 44.5 percent between late March and Monday, erasing most of its losses tied to the pandemic.

The selling comes as coronavirus cases rise in the U.S., with some of the increase likely tied to the reopening of businesses and the lifting of stay-at-home orders.

**Small company stocks** continued to bear the brunt of the selling, a signal that investors are becoming more pessimistic about a broad recovery in the economy.

Cases are climbing in nearly half the states, according to an Associated Press analysis, a worrying trend that could intensify as people return to work and venture out during the summer.

"Not surprisingly, a lack of preventative behavior has led to a resurgence in COVID-19 cases around the country, and the stock market is having another gut check," said Chris Zaccarelli, chief investment officer for Independent Advisor Alliance.

Investor optimism for a speedy recovery was also dimmed by the Federal Reserve, which warned Wednesday that the road to recovery from the worst downturn in decades would be long and vowed to keep rates low for the foreseeable future.

Those factors, along with the recent run-up in stock prices, set the stage for the wave of selling Thursday.

The S&P 500 dropped 188.04 points to 3,002.10, its biggest decline since March 16. The Dow skidded 1,861.82 points, or 6.9 percent, to 25,128.17. The Nasdaq composite, which rose above 10,000 for the first time a day earlier, lost 527.62 points, or 5.3 percent, to 9,492.73.

Small company stocks continued to bear the brunt of the selling, a signal that investors are becoming more pessimistic about a broad recovery in the economy. The Russell 2000 index fell 111.17 points, or 7.6 percent, to 1,356.22. European and Asian markets also fell.

Nearly all of the companies in the S&P 500 closed lower. Technology, financial, industrial and health care stocks accounted for a big slice of the market's broad slide. Energy stocks were the biggest losers as crude oil prices fell sharply on worries that a slumping economy would need less energy.