

Summarized

Finance



Summary of an article U. S stocks dropped last week alarmingly as concerns intensified about the escalating unrest in Iraq and after substandard economic data on jobless claims and retail sales. The three chief stock indexes of the U. S ended off their session lows. The S&P 500 was, for the first time since early April, down for three succeeding sessions while the Dow Jones Industrial average encountered a loss of more than 100 units for the second day in a row (Moon1).

A few hours after Kurdish forces took control of the oil core of KirKuk, news reporters asked President Barrack Obama if he might take an industrial action that might stop the insurgency that has taken over most parts of Iraq in the past one week. The president told the media that he refused to rule out US action in Iraq against the Sunni Islamic militia group who have spread out towards Baghdad and are threatening to divide the country and establish their own jihadist nation (Moon1). The stock market's losses accelerated rapidly following president Obama's comments, with industries and consumer discretionary sectors fronting the decline. The VIX, Wall Street fear meter, expanded to eight point three percent to end at 12. 56% (Moon1).

The Dow Jones Industrial mean dropped 109. 69 points or 0. 65%, to end at 16, 734. 19. The S&P 500 tumbled 13. 78 points or 0. 71% to 1, 930. 11 (Moon1). The Nasdaq composite slid 34. 30 points or 0. 79 percent to 4, 297. 63. The Dow reached an intraday low at 16, 703. 73 while the S&P and the Nasdaq fell to a session low at 1, 925. 78 and 4, 284. 528 respectively. Retail sales, in macroeconomic news, rose 0. 3 percent in May, and almost half the growth rate that economists had projected. American's new claims for unemployment grants rose unexpectedly in the previous week (Moon1).

Despite both economic indicators being below expectations, neither was

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considered weak enough to change the opinion of bettering economic states and the market's recent uptrend is still considered intact. Energy shares ranked among one of the recent few gainers. The S&P energy section index rose 0.3%. Oil costs hit nine-month highs on concerns that intensified violence in Iraq could interfere with oil supplies from the key OPEC exporter (Moon1).

Major US Airlines' shares dropped for the second day consecutively as oil prices increased. American Airline Group Inc, the world's largest transporter, slid 4.9 percent to \$40.2 while United Continental Holdings Inc slid 5.9 percent to \$42.60 (Moon1). One of Nasdaq's most active stocks, Geron Corporation, surged 21.2 percent to \$3.15 on heavy volume. This happened after the US food and drug administration ended a partial clinical ban on a study testing leukemia drug (Moon1).

Restoration Hardware Holding, however, registered a 12.7% climb to \$80.4 (Moon1). This happened a day after the luxurious home furnishings retailer's first quarter results. Exchange volume lingered around 5.5 billion shares on US exchanges, faintly below the 5.76 billion mean registered for the previous month, according to BATS' global market database (Moon1).

Work Cited

Moon, Angela. "Wall Street slides on concerns about Iraq" Wallstreet, 12th June 2014.