

Dow closes 300 points lower amid signs of global economic slowdown

[Janna Herron, USATNetwork](#) Published 10:27 a.m. ET Jan. 22, 2019 | Updated 5:28 p.m. ET Jan. 22, 2019

Stocks closed lower Tuesday after fresh signs of a softening economy and renewed Chinese trade tensions worried investors.

Disappointing earnings, weaker-than-expected home sales and the continuing government shutdown did little to boost the markets.

The Dow Jones industrial average lost 301 points, or 1.22 percent, to end at 24,404.48 on Tuesday. The Standard & Poor's 500 index fell 38 points, or 1.42 percent, to close at 2,632.90

The tech-heavy Nasdaq composite dropped 137 points, or 1.91 percent, to 7,020.36. The Russell 2000 index of smaller-company stocks slid 25 points, or 1.69 percent, to 1,457.45.

"It's a combination of a lot of things; the government shutdown, lowering growth expectations for the world and the U.S., earnings estimates," said Benjamin Lau, chief investment officer of Apriem Advisors in Irvine, California. "But today, the main focus is really on China."

China concerns

China delivered a double-whammy of bad news for stocks on Tuesday. The country's government reported that its economy grew by 6.6 percent in 2018, the slowest rate since 1990.

The Financial Times also reported that the Trump administration canceled a proposed meeting with Chinese trade officials this week. Two officials were scheduled to travel to the U.S. ahead of meetings between the U.S. and China's top trade representatives next week, according to the Financial Times.

"It seems like President Trump and Chinese officials aren't even agreeing on the most basic steps in trade talks," Lau said.

Later, White House economic advisor Larry Kudlow said on CNBC that the talks with China had not been canceled.

Other worries overseas

On Tuesday, the International Monetary Fund reduced its economic forecasts for 2019 and 2020, reigniting investor fears over slowing economic growth. The IMF estimates the global economy will grow 3.5 percent this year, down from its previous predictions of 3.7 percent. Its estimate for 2020 growth was trimmed to 3.6 percent from 3.7 percent.

Managing Director Christine Lagarde said the global economy was expanding more slowly than estimated because of rising trade tensions and increasing interest rates.

UBS on Tuesday reported fourth-quarter earnings that missed expectations. The bank also said that its wealth management clients withdrew \$8 billion during the period due to increased volatility.

"That goes to a European slowdown," said Ron Weiner, managing director and partner of RDM Financial Group at HighTower Advisors. "We've got a slower economy, this should not be a surprise."

In the U.S.

Stateside, investors punished Stanley Black & Decker after the tools maker offered below-consensus 2019 guidance. Other industrial companies fell, too.

Construction and mining equipment maker Caterpillar shed 3.2 percent to \$132.24 and farm equipment company Deere fell 3.5 percent to \$158.84.

Sales of previously owned homes also fell more than expected, dropping 6.4 percent in December to the lowest in more than three years. The median price also declined by 1.4 percent to \$253,600.