

# Global stocks fall as Fed is second-guessed

Agence France-Presse on Dec 17, 2015 @ 8:56 PM

Global stocks ended the week with a thud Friday as investors second-guessed the Federal Reserve's landmark interest rate hike and focused again on the oil rout.

The losses were broad in terms of geography, with bourses in Japan, Europe and New York all tumbling to conclude a topsy-turvy week on a sour note.

Friday's trade marked an extension of Thursday's US session, where stocks also fell sharply one day after the Fed lifted interest rates for the first time in almost a decade.

The market has been rethinking whether the initial wave of optimism about the Fed was overbaked.

"While Wednesday's Fed rate hike removed one cloud of uncertainty from the markets... speculation about when the next one is likely to occur is not expected to remain too far away," said Michael Hewson, chief market analyst at trading group CMC Markets UK.

Oil prices fell to fresh multi-year lows as a continued supply glut weighed on the commodity and petroleum-linked stocks.

"Overall, the market is still trying to digest two things," said David Levy, portfolio manager at Kenjol Capital Management. "We still have in mind the price of oil as well as the long-term ramifications of what the Federal Reserve is trying to do."

- Dow falters -

In the US, the biggest losses came in the Dow Jones Industrial Average, which shed 2.1 percent, with big companies including Apple, Boeing, JPMorgan Chase, Procter & Gamble and Microsoft all losing between 2.7 percent and 4.1 percent.

Another Dow company, Disney, fell 3.8 percent despite setting a record \$57 million in opening-night ticket sales for its blockbuster "Star Wars: The Force Awakens." BTIG downgraded the stock, saying the strong performance of the movie will not be enough to offset weakness in Disney's ESPN division.

The Frankfurt and Paris exchanges closed down more than 1.0 percent while London ended the day off by 0.8 percent.

Japan's Nikkei 225 index dropped 1.9 percent following unexpected Bank of Japan policy tweaks that initially sent the yen briefly lower.

In Argentina, the Merval index lost 4.5 percent following a week of shock economic reforms by the new conservative government, including a decision to scrap currency restrictions.

The euro picked up to \$1.0870 in foreign exchange deals having fallen heavily Wednesday after the US Federal Reserve raised borrowing costs from near zero, where they were pegged for seven years to support the recovery from the Great Recession.

Next week's economic calendar is relatively light ahead of the Christmas holiday Friday, when markets are closed. Investors will be keeping an eye on key data, including economic growth figures and existing-home sales, after the Fed rate move boosted hopes the world's top economy was back on track.

"Investors are keen to confirm the health of the US housing market," Nomura Securities said in a commentary.

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