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Wall Street falls sharply after China selloff

BY ABHIRAM NANDAKUMAR



Traders work on the floor of the New York Stock Exchange shortly after the opening bell in New York December 31, 2015. REUTERS/LUCAS JACKSON

U.S. stocks tumbled on Monday, putting the Dow on track for its worst start to a year since 1932 after weak Chinese economic data fanned fears of a global slowdown.

Surveys showed factory activity in the world's second-largest economy shrank sharply in December, sparking a 7-percent slide in Chinese shares that triggered a trading halt.

Adding to investors' worries, China's central bank fixed the yuan at a 4-1/2 year low, further weakening it against the dollar.

U.S. data sparked further concern as factory activity weakened unexpectedly in December, according to the Institute for Supply Management.

Amazon ([AMZN.O](#)) weighed the most on the S&P and Nasdaq, falling 6.9 percent to \$629.56, while the Nasdaq Biotech Index .NBI was down 4 percent.

There was the turmoil overnight overseas that kind of set the tone ... (but) all of the negatives out there have been out there for a while," said Michael O'Rourke, chief market strategist at JonesTrading in Greenwich, Connecticut.

"The fact that we closed down on the year, the Fed tightened, it crystallized in investors' minds that we're not in the environment we were in throughout most of the recovery."

The Dow Jones industrial average .DJI was down 417.03 points, or 2.39 percent, to 17,008, the S&P 500 .SPX had lost 47.96 points, or 2.35 percent, to 1,995.98 and the Nasdaq Composite .IXIC had dropped 142.39 points, or 2.84 percent, to 4,865.02.

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The S&P 500 [.SPX](#) was on track for its worst start to a year since 2001.

The selloff was widespread but not as deep as the slide caused by worries of a China-led global slowdown in August, when the Dow tumbled more than 1,000 points at one point.

Crude oil prices reversed course, losing earlier gains from a breakdown in diplomatic ties between Saudi Arabia and Iran raised concerns of supply restrictions.

Tesla ([TSLA.O](#)) was down 7.9 percent at \$221.03. The electric car maker said it delivered 17,400 vehicles in the fourth quarter, just above the low end of its guidance.

Declining issues outnumbered advancing ones on the NYSE by 2,269 to 819, for a 2.77-to-1 ratio on the downside; on the Nasdaq, 2,251 issues fell and 598 advanced for a 3.76-to-1 ratio favoring decliners.

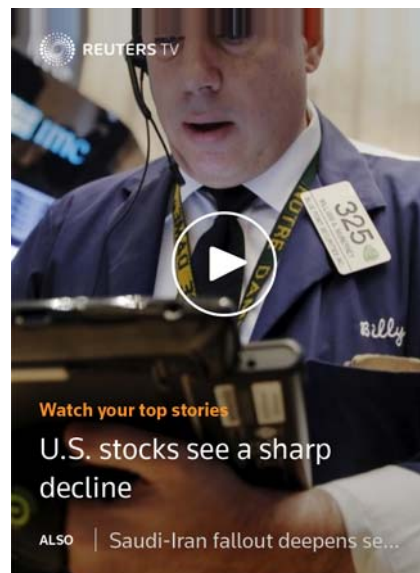
The S&P 500 posted 1 new 52-week high and 14 new lows; the Nasdaq recorded 8 new highs and 109 new lows.

(Additional reporting by Abhiram Nandakumar in Bengaluru and [Chuck Mikolajczak](#) in New York; Editing by Saumyadeb Chakrabarty and Nick Zieminski)



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