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NOVEMBER 16, 2010, 12:01 P.M. ET

## DJIA Falls Below 11000 As China Concerns Drag On Materials

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 By Kristina Peterson  
 OF DOW JONES NEWSWIRES

NEW YORK (Dow Jones)--The Dow Jones Industrial Average fell below 11000 on Tuesday as concerns grew over a potential rate hike from China and criticism of the Federal Reserve's recent action mounted.

The Dow fell 208 points, or 1.9%, to 10995 in midday trading, steadily sliding throughout the morning. Alcoa was the Dow's worst performer, falling 3.7% as worries over rate hikes in China weighed on basic materials stocks, which have benefited from the growing country's demand. Travelers was also weak, sliding 3.5%.

Exxon Mobil shed 2.4% after a Nigerian militant group seized seven workers in a raid on an Exxon facility and threatened to launch a major operation against other oil facilities across the Niger Delta.

The Nasdaq Composite dropped 2% to 2465, while the Standard & Poor's 500-share index fell 1.8% to 1176.

Stocks slid late last week and again on Tuesday as worries resurfaced that China would soon be raising interest rates in an effort to cool its surging growth.

Fears of Chinese monetary tightening spurred broad stock losses in Asia. China's Shanghai Composite index slumped 4% after new limits were announced that restrict the ability of foreigners to buy residential or commercial property on the mainland, in the country's latest effort to ease inflationary pressures. China's State Council is drafting measures aimed at curbing overly fast price rises, a government statement said Tuesday.

In Europe, concerns simmered over whether Ireland, and potentially Portugal, will be forced to accept bailouts from the European Union.

Meanwhile, enthusiasm for the Federal Reserve's \$600 billion bond-buying program has waned, leaving some investors anxious over its long-term effects.

"The market thought this year was all about exit strategies and it turns out it's a complete reversal of that," said Jeff Roach, chief economist at Horizon Investments. "We're still trying to register the long-term effects from the second round of quantitative easing," the central bank's bond-purchasing program, he said.

The U.S. dollar strengthened against both the euro and the yen. The euro was trading recently at \$1.3505, down from \$1.3587 in New York on Monday. The U.S. Dollar Index, which tracks the currency against a basket of six others, rose 0.9%.

Among stocks in focus, Dick's Sporting Goods rose 13% after its profit fell 11% in the third quarter as a result of store closing costs, but the sporting-goods retailer's earnings beat analysts' estimates on margins and higher same-store sales. The company also raised its annual profit target and fourth-quarter earnings per share view.

Teen-apparel retailer Abercrombie & Fitch fell 1.1% after its fiscal third-quarter profit rose 29%, topping Street expectations, but its margins narrowed.

Discount retailer TJX, parent of T.J. Maxx and Marshalls, fell 1.3%, even as third-quarter earnings rose 7% and topped its own forecasts as sales improved, but some worried that discount chains could see growth slow as they bump up against stronger year-earlier quarters. The stock has risen 25% this year.

U.S. economic data indicated disinflation pressures remain in the economy. The index of producer prices, which measures how much manufacturers and wholesalers pay for goods and materials, rose a seasonally adjusted 0.4% last month, below economists' forecast for a 0.9% gain. Stripping out more-volatile food and energy prices, however, wholesale prices fell by 0.6% in October, the sharpest drop in more than four years.

Separately, U.S. industrial production was unchanged in October, just under economists' expectations for a 0.3% rise. Capacity utilization was steady at 74.8% in October, a hair under estimates of 74.9%.

The National Association of Home Builders on Tuesday said its housing market index rose to 16 in November, just under the expected reading of 17.

Demand for U.S. Treasuries rose, sending the yield on the 10-year note down to 2.95%. Crude-oil prices dropped below \$83 a barrel, while gold futures also fell.

-By Kristina Peterson, Dow Jones Newswires; 212-416-2917; kristina.peterson@dowjones.com

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