

On Tuesday, February 27, 2007, Wall Street was left with another scar by the sudden massive sell off. The **Dow** sank 416.02 points, or 3.29%, to 12,216.24. It is also the worst single-day pullback since 9/11. The **S&P 500** lost 50.33 points, or 3.47%, to 1399.04 while the **Nasdaq Composite** plunged 96.65 points, or 3.86%, to 2407.87. Trading volume on the New York Stock Exchange reached a record level. Traders and investors fled to the treasuries for safety. The 10-year Treasury jumped 30/32 in price to yield 4.51%, and the 30-year bond surged 1 23/32 to yield 4.62%.

As of February 28, 2007

What was the cause of this sudden crumbling on the markets? The Chinese government decisions on raising the reserve rate and clamping down on illegal share offerings and investments with borrowed money after indexes climbed to records were the match that lit this fire on Wall Street. For investors who do not watch or trade actively should probably take this opportunity to see if there are some stocks that you wish to have but have not been able to own them due to a contentious high on the market. This might be a good time to nibble some of them at a time. However, it is probably better not to commit a lot of fresh money to the market during this critical period of time. Investors should also watch out for the dead cat bounce during the following trading days. Ripple effects might continue to extend and go on.

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