

Investing Guide

The stock market drop...by the number

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By [Heather Long](#) @byHeat

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Stock market rollercoaster ... in 2 minutes

CNN Money

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is compared to past drops.

1. Worst point drop for stocks since October 2008. The [Dow](#) shed over 1,000 points in early trading. That's never happened before. America hasn't had a point drop near that since October 2008, when the financial crisis was in full effect and people were worried about more banks like Lehman Brothers collapsing. The Dow ended the day down 588 points -- the worst one-day loss since August 2011.

Related: [No time to dump your stocks](#)

2. Today is not that bad compared to "Black Monday" in 1987. Yes, there's a lot of panic today, but the Dow tumbled a whopping 22.6% on October 19, 1987. Today the Dow was only down about 6.6% at its worst point. If this were a true "Black Monday" like what happened in 1987, the Dow would have fallen 3,700 points.

3. Stocks have gained 200% since financial crisis. Stocks don't just go up. We all know that, but it's been easy to forget it in recent years. Stocks have been rising -- a bull market -- since early March 2009. The [S&P 500](#) has gained about 220% in the past six years. The plunge in the past few days has whipped out a mere 11% of those gains.

4. Yes, the stock market just had a correction. Investors like to throw around a lot of terms -- corrections, bear markets, crashes. **The technical definition of a correction is a 10% drop from a**

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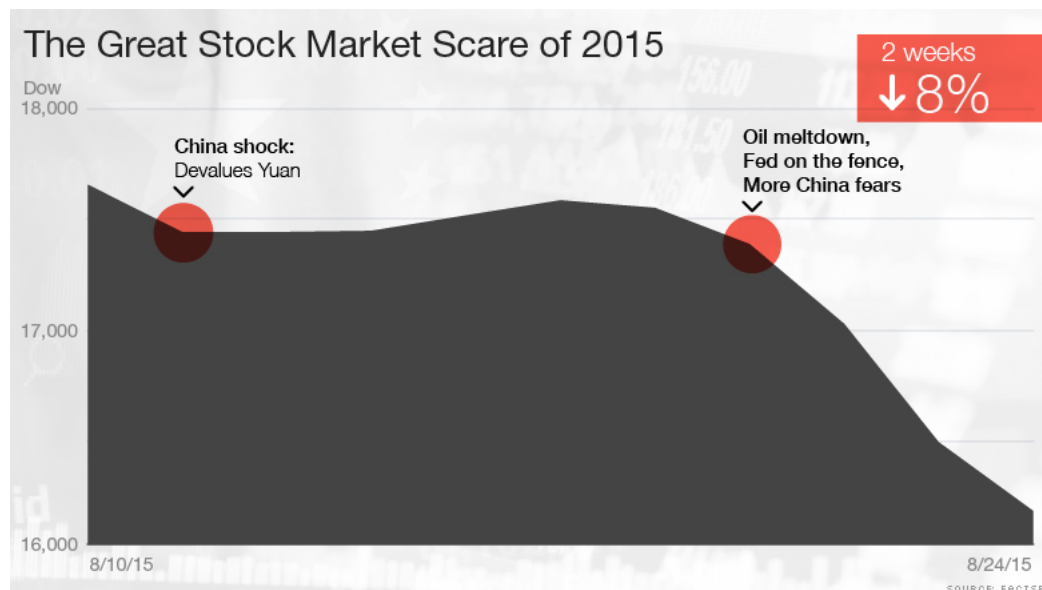
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recent peak. At the moment, the Dow, S&P 500 and Nasdaq indexes -- America's "Big 3" -- are all in correction mode. They peaked in the spring and have lost over 10% since then. A lot of experts say America was overdue for a correction. They are natural -- kind of like needing to tap the breaks on a bike or car sometimes.

Related: China's economy is in trouble. How bad is it?

5. Oil below \$40 is scaring investors. Yes, American drivers love cheap gas at the pump, but investors get nervous when oil prices fall too low. On Friday, they dropped below \$40 for the first time since the Great Recession. Energy is still a substantial part of the U.S. economy and stock market. When oil prices slide this much, it means a lot of companies aren't making money anymore. That hurts U.S. companies and many countries that depend heavily on profits from selling oil.

Related: Oil sinks below \$40 for 1st time since 2009



6. China has a problem: Its economy isn't growing at 7%. The current panic in the stock market began last week when China did a surprise devaluation of its currency. Everyone knew China's economy was slowing down, but the devaluation was a red flag that China's government is very worried and the slowdown could be far worse than we realized. Given that it's the world's second-largest economy, investors are fearful that a faltering China could pull much of the world down with it.

7. America is not in a "bear market." A bear market is when the stock market drops over 20%. That is a far worse scenario. So far, even with the losses today and last week, we aren't near that 20% drop yet. **The Dow is down about 13%.**

8. China crashed, not the U.S. A lot of people like to talk about a stock market "crash." There's not a technical definition for a crash, but people use the term when there is a massive drop, often over a series of days.

At the moment, it's fair to call China's major market selloff in recent weeks a "crash." China is down 40% from its peak. The U.S. market, however, is down just over 10%.

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**Jim B** Aug 24, 2015

Needs to drop farther and faster, into negative territory like interest rates so the wealthy can experience what the middle class is experiencing.

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**jas76543210** Aug 24, 2015

@Jim B Do you have 401k or other retirement accounts? They are almost all invested in the stock market.

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**Apurva Desai** Aug 24, 2015

@Jim B the wealthy make money whether the market is going up or down foo. Often they make a lot more when it's going down because the common man is panicking, and they have the resources and equity to capitalize on that...

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**MacNCheeze70 Please** Aug 24, 2015

DOW 2008 (BUSH OWNED) 12,500.00 => 6,500 (OUCH !!!)

But rethuglicans will scream "GWB inherited that drop from Clinton somehow" WRONG the only thing GWB inherited from Clinton was an unemployment rate of 4.3 % and it NEVER WENT lower during GWB regime AND a BUDGET SURPLUS!

DOW 2015 (OBAMA OWNED) 18,450 => 15,888.00 Thanks to China having it's own economic issues. NOT the U.S. .

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**crionics** Aug 24, 2015

-600 or -700pts today?

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**nycyapper** Aug 24, 2015

So basically CNN Money manipulated the market this morning by publishing A SEA OF RED posts but are now rescinding to cover their coat tails before the feds, SEC, etc. move in.

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@nycyapper

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Apurva Desai Aug 24, 2015

[@nycyapper](#) yes, because CNN is son influential in the investment world. On in any world. The fact that dumbies like you post nonsense like this here is perfect example of how irrelevant CNN is...

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sjacobs Aug 24, 2015

So basically the stock market experts are trying to explain a point drop they did not or could not predict in the first place. Now they are trying to rationalize why/how it came 75% of the way back in less than half a days trading.

Anyone else see the irony in this?

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ruoutaurmind Aug 24, 2015

[@sjacobs](#) Not really. But then I tend to think of stock predictions like meteorological predictions: good for generalities and long-term forecasts, but just plain lousy for near-term ones. Too many butterflies flapping in Beijing right now for a solid projection. Literally.

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Rafael Reyes Aug 24, 2015

[@ruoutaurmind](#) [@sjacobs](#) Literally too many butterflies flapping around? I think you should learn the meaning of the word literally.

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Paul Abrusley Aug 24, 2015

Plunge protection team saves the day!

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[@Paul Abrusley](#)

sounds like a condom commercial. i could say more, but you get the idea.

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fdwilliams Aug 24, 2015

The cheery news about just how great things have been going for the past several years reminds me of something I first studied when I was 14 and got thrown out of world history class for inciting a revolution. The words might well have come from the news media after the 1929 stock market crash. Everyone was sure things would be fine.

And maybe they will be. But the similarity, to me, is disconcerting.

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ruoutaurmind Aug 24, 2015

[@fdwilliams](#) I brought that up too, recently, but got shouted down for it. Denial is great; isn't it?

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crionics Aug 24, 2015

Dow Trading Volume at 140M an hour ago and only increased 20M to 160M. So who or which entity is buying to decrease the loss to only -140 from -500pt? Investment firms, 401k's.

If market tanks further, wonder if we have another Lehman Brothers fiasco?

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Johnling Joseph Aug 24, 2015

[@crionics](#) My guess if I had to put money on it. The fed.

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[@Johnling Joseph](#) [@crionics](#) Yes, and investment firms with 401k electronic numbers

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Michael Cross Aug 24, 2015

Everybody on board the U.S.A Stock Market roller coaster. Weeeeeeeeeeeee.

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[@Michael Cross](#) I'm still waiting in line. Should've bought the Disney fast past.

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fast pass *?

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ok, are we shooting for -600 or -700pts today?

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You only lose today if you sell today.

but if you buy today, you'll gain a lot in the long-run. People who bought at the opening bell have already cleaned up.

This whole thing will correct and blow over in time. Nothing has substantially changed. The Chinese market has only dropped by as much as it artificially grew in the past year, so we are essentially where we were a year ago, excluding other minor issues like the Greek crisis, which has been a market of the market for years.

Only the fools are selling today. I'm going to continue to buy and laugh all the way to the bank.

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[@NewNewsJunki](#) I think everyone should follow the advice of Will Rogers: "Don't gamble; take all your savings and buy some good stock and hold it till it goes up, then sell it. If it don't go up, don't buy it."

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Run100 Aug 24, 2015

[@NewNewsJunki](#) You are right. I'm not an analyst, but it doesn't take much to see what's going on. A few people panicked at the Europe/Asia numbers, and the shrewd ones sat back and figured out how to make money off of it. Apple opened at about 94, went up to 108 during the day and is back to about 103. If the sky is really falling, it doesn't go back to 108 during the day - it keeps sliding. It's all speculative, and unless you're wired into the game, the best thing to do is sit tight and ride it out. This isn't 2008 - banks aren't about to fail, the sub-prime mortgages have been cleaned up - we're not in great shape, but we're in better shape than the rest of the world, and the money has to flow back in because there is no place else to put it.

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