US Stocks Rise After Frightening Plunge

Press Association via AP Images

U.S. stocks swung upward in early trading Tuesday after their worst drop since 2008.

Despite the Dow's 193-point rise, economists are still concerned the world may soon fall into a recession.

Earlier Tuesday, Asian markets plummeted a second time after briefly stabilizing.

"It's a complete meltdown. It's like the financial crisis or the financial tsunami. There is a complete loss of confidence," said Francis Lun, managing director at Lyncean Holdings Ltd., an investment holding company in Hong Kong.

"China's leaders want their voice to be heard more by policymakers in the U.S.," said James Roy, Senior Analyst of China Market Research.

"You know, China is the United States' largest creditor," he noted. "And there's been a lot of disappointment over the way the U.S. has handled its financial situation over the past."

Kereakos Zuras is a business expert and author of the book *How to Succeed When*

Everyone is Failing. He discussed the current economic turmoil on the CBN News Channel's Morning News, Aug. 9.

Weak economic growth is also a major worry. The first half of 2011 was the slowest since the end of the recession.

Pressure is growing for the U.S. Federal Reserve to act.

Investors are watching Fed Chairman Ben Bernanke to see if he has any new plans to boost economic growth and prevent a double-dip recession.

"I don't think the Fed can stand by," said Mark Zandi, chief economist at Moody's Analytics. "This is a crisis of confidence and the Fed needs to shore up confidence."

On Monday, President Obama tried to reassure markets, downplaying the Standard and Poor's downgrade of the nation's credit rating from AAA to AA+.

"No matter what some agency may say, we've always been and always will be a triple-A country," he said.

Despite the president's words the Dow kept falling, closing Monday at its lowest level in 10 months.

The 634-point plunge was the sixth biggest drop ever. That capped a 12-day sell-off that's erased more than 15 percent from the Dow with more than $2 trillion of stock market wealth—now wiped out.

Some analysts say the market will have rallies, but they believe the longer term trend is now down.

“Right now there’s no confidence,” said Alan Valdez, DME Securities’ head of floor trading.

With investors worried about the economy and the
future of the dollar, many are still running to the safe haven of gold,
which hit still another record high Tuesday of more than $1,770 an
ounce.

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