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Havoc, panic rule day, say local brokers

By Bob E. Golden
Business Writer

Investors trading at local brokerage houses watched the stock market massacre on Monday, wincing at closing New York Stock Exchange prices.

They were speechless as IBM finished at 103 $\frac{1}{4}$, off 31 $\frac{1}{4}$ points. Quietly, they watched Disney finish the long day 19 points lower at 45 $\frac{1}{4}$, Florida Power & Light was at 26 $\frac{1}{4}$, down 5 $\frac{1}{2}$ points; and Bell South went down 7 $\frac{1}{4}$ points, closing at \$29 $\frac{1}{4}$ per share.

"It's unbelievable," said Dick Schaper, an investor from Highland Beach. "Nothing like this was even conceivable. I think it's going to continue to go down or come back real fast."

A short-term trader, Hy Goldstein of Boca Raton, said he was a loser on 1,000 shares of Sears Roebuck & Co. bought at 31.

"I think it was a real buy compared to 41 $\frac{1}{2}$ on Friday's close," said Goldstein. "But much to my surprise, it went down again and closed at 30 $\frac{1}{2}$."

Havoc, pandemonium and hysteria is the way local brokers described Monday's stock market as they rushed to execute record sell orders.

Massive mutual fund redemptions by individual investors over the weekend started the selling panic, according to Bruce Sallah, a senior vice president of JW Charles-Bush Securities Inc., headquarters in Boca Raton.

"They just had it with the market, and they wanted out of their mutual funds," Sallah said. "Local investor confidence is shaken, but I think they'll still hold on to their stocks at these levels."

Sallah said there has been some severe damage done to the market and doesn't see a major market increase until 1988.

A heavy volume of sell orders coming in over the weekend set the market into a tailspin at the



Staff photo by David Becker

Boca Raton residents Jack Dunn, left, and Hy Goldstein sit in the viewing room of JW Charles-Bush Securities Monday to watch the closing moments of the stock market as it took its huge tumble

opening bell; and panic took over, causing a stock market nose dive of record proportions, according to Jim Strainer, Boca Raton branch manager of Drexel Burnham Lambert.

"We're in territories that most living investors have never seen," said Strainer. "The good news today is that the market is still open."

Many experts anticipated a blue Monday in reaction to Friday's bloodbath when the Dow dipped over 108 points on reports of an unexpected high \$15.6 million trade deficit. But at the opening bell, the stock market's heaviest participants — banks, insurance companies and mutual funds — began leading the record selloff, according to Strainer.

"Selling is begetting selling," Strainer said. "The market has fallen through the support levels anticipated by most security analysts. Although some people

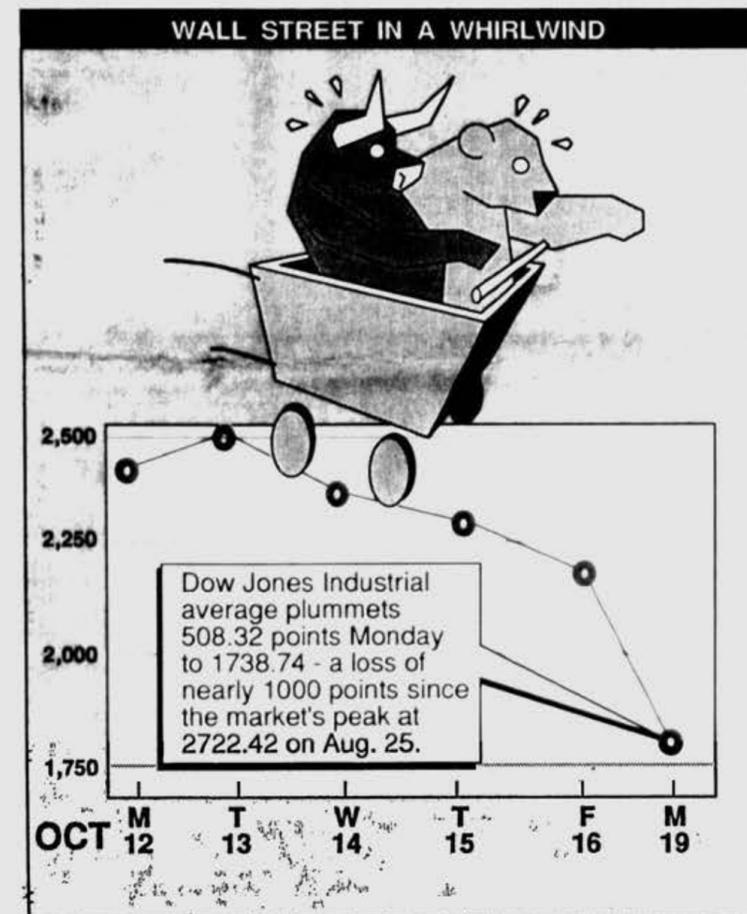
expect the market to snap back in the next day or so, no one really knows when it's going to bottom out."

By day's end, the Dow Jones average crashed to 1,738.74, a loss of nearly 1,000 points from the year's high set last summer.

"We've just seen a year's worth of movement corrected in one day," said Art Ally, Shearson Lehman's Boca Raton branch manager. "It makes no sense; it's purely emotional, a real panic."

Earlier, when volume hit 300 million shares, Ally said that traders were worried whether the market's computers could handle 500 million orders, as the tape ran more than a hour behind the heavy trading. It had never been tested beyond 412 million shares.

"I think we're close to the bottom," Ally said. "I definitely would not be selling now. On a value basis, there are some great buys today."



LOCAL LOSERS

Name	Last	Change
Disney	45 3/4	-19 1/8
FPL Group	26 1/4	-5 1/2
Glendale Fed.	18 5/8	-4 5/8
IBM	103 1/4	-31 3/4
Knight-Ridder	43 3/8	-4 5/8
Motorola	52 1/2	-11 1/2
NCNB	17 5/8	-4
United Tech.	39	-9 5/8

Havoc, pandemonium and hysteria is the way local brokers described Monday's stock market as they rushed to execute record sell orders. Meanwhile, investors trading locally watched the stock market in its massacre.

"It's unbelievable," said Dick Schaper, an investor from Highland Beach. "Nothing like this was even conceivable. I think it's going to continue to go down or come back real fast." See story on page 5A.