

# Economic Anxiety Hits Stocks

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And stores are hitting the right merchandising notes with consumers.

"The vast majority of the fashions appear to actually be fashionable," Smith said.

Specifically, Mark Montagna, analyst at Avondale Partners, said many retailers are winning with colorful looks, which impact the industry broadly since brighter hues can be applied to tops, bottoms and accessories.

"We have not seen an impact this big on color in decades," Montagna said. "That has been one of the key drivers, and warmer weather has helped spring merchandise sales."

The question is: Have retail stock markets gone too far too fast given the still-high unemployment rate of 8.2 percent and the somewhat shaky recovery?

The National Federation of Independent Business also offered up a splash of cold water on Tuesday, noting its Small-Business Optimism Index fell 2 points in March to 92.5, snapping a six-month string of gains.

"What looked like the start of a recovery in profits fizzled out," said the group's chief economist, Bill Dunkelberg. "The mood of owners is subdued — they just can't seem

to shake off the uncertainties out there, and confidence that the management team in Washington can deal with the [problems] effectively is flagging."

And what could be a nasty recession is brewing in Europe. Investors worried anew

Tuesday about Spain and Italy's rising borrowing costs. Spain's 10-year bond yield increased to 5.93 percent as investors questioned whether the country would be able to reduce its debts. And the yield on Italy's 10-year bonds rose to 5.67 percent.

Markets in Europe were hit much harder than Wall Street. Milan's FTSE MIB dropped 5 percent to 14,458.88, while Paris' CAC 40 decreased 3.1 percent to 3,217.60, Frankfurt's DAX fell 2.5 percent to 6,606.43 and London's FTSE 100 de-

clined 2.2 percent to 5,595.55.

The region's biggest decliners were Italian stocks, including Ferragamo, which tumbled 5.6 percent to 15.18 euros; Tod's, 2.5 percent to 82.05 euros; Luxottica, 3.2 percent to 25.93 euros, and Aeffe, 5.3 percent to 0.57 euros. The euro traded at \$1.30.

In Asia, the Hong Kong's Hang Seng Index fell 1.2 percent to 20,356.24.

— WITH CONTRIBUTIONS FROM NINA JONES



## STILL WAY AHEAD

DESPITE A FIFTH-STRAIGHT SETBACK FOR THE MARKET TUESDAY, FASHION STOCKS AROUND THE WORLD HAVE BEEN GAINING THIS YEAR AS CONSUMERS RAMP UP SPENDING.

	12/30/2011	4/10/2012	CHANGE
JOE'S JEANS	53 CENTS	\$1.25	135.8%
BON-TON	\$3.32	\$7.07	113%
TANDY BRANDS	98 CENTS	\$1.78	81.6%
FOSSIL	\$79.36	\$134.16	69.1%
MICHAEL KORS	\$27.25	\$43.17	58.4%
BENETTON GROUP 1	2.95 EUROS	4.59 EUROS	55.6%
LULULEMON ATHLETICA	\$46.66	\$71.44	53.1%
KENNETH COLE	\$10.59	\$16.07	51.7%
DELIA'S	\$1.02	\$1.54	51%
SALVATORE FERRAGAMO <sup>1</sup>	10.18 EUROS	15.18 EUROS	49.1%
PRADA <sup>2</sup>	HK\$35.15	HK\$50.75	44.4%
LIZ CLAIBORNE	\$8.63	\$12.36	43.2%
HOT TOPIC	\$6.54	\$9.36	43.1%
GILDAN ACTIVEWEAR	\$18.73	\$26.56	41.8%
GAP	\$18.55	\$25.23	36%
S&P RETAIL INDEX	523.2	603.54	15.4%
DOW JONES INDUSTRIAL AVERAGE	12,217.56	12,715.93	4.1%

SOURCE: GOOGLE FINANCE, YAHOO FINANCE

<sup>1</sup> - THE EURO TRADED FOR \$1.31 ON TUESDAY. <sup>2</sup> - THE HONG KONG DOLLAR TRADED FOR 12.9 CENTS.