

FINANCIAL SERVICES

Dow drops 1,000 points, ecommerce plummets

May 5, 2022



Ecommerce may not be thriving the way it was mid-pandemic. Image credit: New York Stock Exchange

By LUXURY DAILY NEWS SERVICE

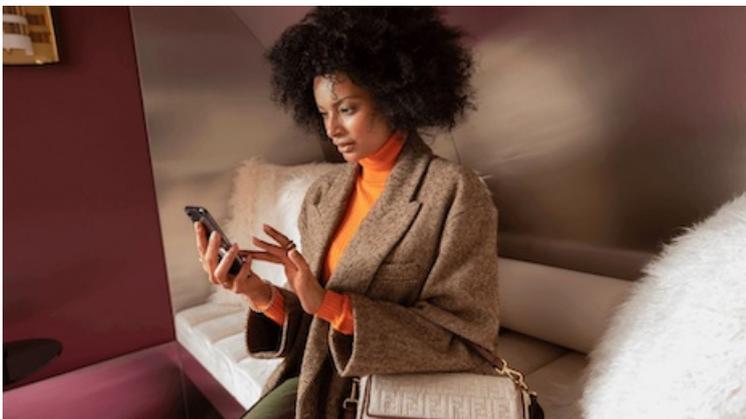
The Dow Jones Industrial Average, S&P 500 and Nasdaq dropped 3.11 percent, 3.5 percent and 4.99 percent, respectively, on May 5 signifying the stock market's worst day of 2022.

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Stocks showed considerable strength on May 4, with nearly 3 percent gains across the three major indexes, but within half a day those gains were completely reversed. Ecommerce was a major source of this decline, as shares of Etsy, Shopify and eBay dropped 15 percent, 8 percent and 17 percent, respectively, at press time.

Financial strife

In a [report](#) published on May 5, Mastercard found that ecommerce transactions in the U.S. dropped 1.8 percent while in-store sales rose 10 percent. Coupled with online retailers' recent lower-than-expected sales reports, confidence in the ecommerce space is hitting a wall.



Shares of TheRealReal and Farfetch fell 12 percent on Thursday. Image credit: Farfetch

The unfavorable decline in the market also comes just one day after the United States Federal Reserve raised its benchmark interest rates by 50 points.

In February, the annual U.S. consumer price index increased 7.5 percent, before seasonal adjustment, the steepest 12-month increase since 1982. Without the food and energy indexes, which rose 7 and 27 percent, respectively, prices saw a 6 percent increase between January 2021 and January 2022 ([see story](#)).

During a press conference on May 4, Federal Reserve Chair Jerome Powell said it would begin reducing its balance sheet in June and that the bank is not yet considering a 75-point rate hike news that likely helped the market on Wednesday.

Wall Street had hoped an increase in interest rates would help slow inflation without risking recession, but with the markets nearing close with colossal loss, strategists remain weary.

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