



The decision of the NYSE to end trading early was controversial. Since the Dow hit the first trading curb at 350 points, its loss was only 4.54%. This was not nearly enough to justify halting trading, given that the Dow had fallen more than 4.5% in 11 different sessions between 1945 and 1997. Currently, the New York Stock Exchange sets the curbs at 10%, 20% and 30%, and determines how much these percentages are in point terms by where the Dow finishes at the end of the quarter.

## Closing time

By the end of the day, the Dow Jones Industrial Average fell 554.26 points, or 7.18%, to 7,161.15. Back then, this was the 12th biggest percentage loss and 3rd biggest point loss on record. The Nasdaq Composite fell 7%, or 115.41, to 1,535.51. The S&P 500 fell 64.63, or 6.86%, to 877.01. Several stock market analysts saw this crash as a "correction" to the overheated markets, which had doubled in value in 30 months. This crash put the Dow down 12% from its then-record high of 8,259 on August 6, but it still gained for the year.

Volume also hit a record high. New York Stock Exchange volume topped 695 million shares, breaking the previous record of 684 million shares traded on January 23, 1997. Today, this volume is considered to be very low. \$663 billion in market capitalization was wiped out.

## October 28

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U.S. stock markets were widely expected to open lower for October 28 because the Asian markets fell even more than they had on the 27th. Hong Kong's Hang Seng Index declined a staggering 14%. The Nikkei fell 4.26%. The U.S. stock markets initially continued their drop from the 27th but abruptly stabilized and began to climb. The Dow fell as many as 186 points by 10:06 am, and soon thereafter a rally started. By 10:20 am, the Dow was down only 25 points. Five minutes later, the Dow jumped back into positive territory and was up 50 points. Nine minutes later, at 10:34 am, the Dow made a triple-digit gain of 137.27 points. Stock prices continued to soar in choppy trading throughout the rest of the day

At the close of trading at 4:00 pm, the Dow finished with a then-record 337.17 point gain (recovering 61% of the previous day's loss) to close at 7,498.32. The market restored \$384 billion of the \$663 billion in market capitalization lost the previous day, and 1 billion shares were traded on the New York Stock Exchange for the first time ever, with a volume of 1.21 billion shares. Currently, the volume is considered very low. The Nasdaq Composite also made a record gain on record volume by gaining 67.93 points to 1,603.02 and saw its first-ever 1-billion share day, with a volume of 1.23 billion shares.

## Other massive losses and sharp rebounds

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This was not the first time the market had large losses followed by a sharp recovery. Here are a few other instances:

- Stock Market Crash of 1929: The Dow falls a total of 23% for October 28 and 29; then makes a sharp 12.84% rebound on the October 30. However, over the next several years the stock market fell dramatically.
- October 13 and 16, 1989 – The Dow plunges 190.50 points, or 6.9%, on October 13, 1989 then rebounds 88 points on the 16th.
- Black Monday, October 19–20, 1987: The Dow suffers the biggest percentage loss in recorded stock market history on October 19 and initially continues its plunge on the 20th. The markets rally

sharply in the afternoon and the Dow posts its first triple-digit gain in its history.

- 2010 Flash Crash, May 6, 2010: It started at 2:32 pm EDT and lasted for 36 minutes.

## External links

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- The Securities and Exchange Commission's Analysis of the October 27, 1997 Mini-crash (<https://www.sec.gov/news/studies/tradrep.htm>)
  - CNN/Money's Story on the Crash (<https://money.cnn.com/1997/10/27/markets/marketwrap/>)
  - CNN/Money's Story on the Subsequent Rally (<https://money.cnn.com/1997/10/28/markets/marketwrap/>)
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