

Dayton Daily News

What you need to know about stock market drop

By Mark Fisher
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WHAT YOU NEED TO KNOW

- The U.S. stock market endured its worst performance in 18 months on Thursday, driven lower by another slump in Chinese shares and heavy selling by technical traders.
- The global rout started in China, where sharp declines in energy and property stocks pushed the Shanghai Composite down more than 3 percent. That selling soon spread to European and U.S. markets, where the Standard & Poor's 500 index moved further below a closely watched trading level.
- The Dow plunged 358.04 points, or 2.1 percent, to 16,990.69. The S&P 500 lost 43.88 points, or 2.1 percent, to 2,035.73 and the Nasdaq composite lost 141.56 points, or 2.8 percent, to 4,877.49.

THREE REASONS TO BE CONCERNED

David Kudla, CEO and chief investment officer of Mainstay Capital Management and former executive director of the University of Dayton's RISE forum, told us there are reasons for those who are short-term investors to be concerned.

- We've gone 49 months without a 10 percent drop, or correction, in the S&P 500 – nearly 2 ½ times the average length of 20 months – so, "We're overdue" for such a correction.
- Markets continue to be spooked by the likelihood of a Federal Reserve interest-rate hike
- World markets, previously dragged down by the financial crisis in Greece, are now concerned with the recent economic outlook in China.

THREE REASONS NOT BE CONCERNED

Kudla, sponsor of UD's Kudla Dynamic Allocation Fund, a student-managed investment portfolio with more than \$1.2 million in assets,

said long-term investors have reasons not to be concerned.

- Even with Thursday's decline, the stock market is less than 5 percent off its all-time high;
- The job market is a bright spot in the economy, and jobless claims are approaching decade-long lows;
- The market appears to be in a long growth cycle, with no spike in oil prices imminent, raging inflation or other factors that can trigger a recession.

LOCAL STOCKS DROP

Local stocks of interest dropped, but only slightly in comparison to the total market. Here's how those stocks fared:

- Teradata dropped from \$29.88 to \$29.65
- Caterpillar dropped from \$77.41 to \$76.43
- Rex American Resources dropped from \$49.50 to \$48.46
- P&G dropped from \$74.72 to \$73.92
- NCR dropped from \$26.91 to \$26.36
- Navistar dropped from \$17.25 to \$16.75