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Cincinnati stocks bounce back but still bruised after market gets slammed

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Cincinnati stocks rebounded strongly Wednesday after getting hammered by midday.

Cincinnati stocks couldn't avoid the selloff that pounded the broad stock markets on Wednesday, but they rallied strong and almost wound up where they started by day's end.

Things got better after the markets got hammered at midday. After plummeting more than 560 points on the day by early afternoon, the Dow Jones Industrial Average rebounded to pare its losses by half. It still ended the day down 249 points, or 1.6 percent, to 15,767. The S&P 500 came in slightly better, declining 1.2 percent. The tech-heavy Nasdaq actually nudged into positive ground late in the day before winding up slipping just 0.1 percent.

Cincinnati stocks also staged a rally and fared notably better than the broader markets. The *Courier* Greater Cincinnati Index ended the day down just 0.3 percent after being down 2.8 percent at midday Wednesday. At one point, 27 of the 29 locally based stocks that trade regularly on an exchange suffered declines, many of which were steep. But by day's end, 13 were showing green numbers, indicating an increase for the day.

AK Steel Holding Corp. (NYSE: AKS) had one of the worst days for local stocks, declining nearly 3 percent to $1.83. But it had plunged 12 percent at midday. It still lost more than one-fourth of its value in two weeks thanks to the weaker view of China's economy that hurts demand for steel.

Several other Cincinnati stocks suffered steep losses at one point, but most bounced back. Cincinnati Bell Inc. (NYSE: CBB) lost 2 percent after being down 7 percent at one point. Fifth Third Bancorp (Nasdaq: FITB) also slid 2 percent, cutting its losses in half for the day. Plastic parts manufacturer Milacron Inc. (NYSE: MCRN), another company that relies partly on foreign markets, fell 3 percent. United Community Bancorp (Nasdaq: UCBA) shares lost the most among local stocks, declining 4 percent. Even Kroger Co. (NYSE: KR), a Wall Street darling for the past three years and typically a safe haven in turbulent market periods, dropped more than 3 percent at midday before ending the day down less than 1 percent. And consumer products giant Procter & Gamble Co. (NYSE: PG) wound up losing just 0.3 percent.

Department store giant Macy's Inc. (NYSE: M) and Wilmington-based air cargo provider Air Transport Services Group Inc. (Nasdaq: ATSG) each climbed 3 percent. Lebanon-based bank LCNB Corp. (Nadsaq: LCNB), wire and cable maker General Cable Corp. (NYSE: BGC) and medical device maker AtriCure Inc. (NYSE: ATRC) all rose 2 percent.

The S&P 500 has plunged more than 9 percent this year. Investors are fleeing stocks amid new concerns about China's economic growth, plummeting oil prices and other economic worries. Investors in local stocks can take heart in knowing their stocks have done much better. The *Courier* Greater Cincinnati Index has lost just 6 percent on the year.

The market is reacting mostly to falling oil prices, Leon Loewenstine, managing director and chief investment strategist at Cincinnati-based RiverPoint Capital Management, told me. China is a worry for some investors, too, but it's a lesser factor in the market's decline. Oil drops often indicate weakening demand and a slumping economy even though Loewenstine doesn't see that being the case now.

"As oil prices fall, the stock market is taking its cue from that, so it's putting the market under pressure," Loewenstine told me. "We strongly believe oil is not a demand issue, it's an oversupply issue. Lower oil prices will help the consumer in the long run. But the reality is, in the short term the market is reacting to falling oil prices."

He figures stocks will rebound once oil stabilizes. The bad news: He doesn't expect the market to stabilize until the second half of the year. The good news: That doesn't mean it'll fall for another five months. But he does see risk that stocks could fall another 5 percent to 7 percent. That would put the drop from stocks' highs at more than 20 percent.

"A 20 percent correction is not unusual," he said. "And we do not believe this correction will lead to a U.S. recession."

He sees corporate earnings for U.S. public companies rising 5 percent to 6 percent this year. With stocks now priced fairly cheaply, he sees a rebound in the second half of the year.

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