Are Amazon and Walmart Killing Costco?

The wholesale shopping chain posted disappointing earnings on Friday.

December 14, 2018 3 min read

Opinions expressed by *Entrepreneur* contributors are their own.

The U.S. economy still appears to be humming, but slowing growth in the rest of the world dragged down stock prices today.

U.S. core retail sales (excluding food, gas and automobiles), were up 0.9 percent in November about twice the median estimate. However, lower industrial output and retail sales in China along with weak economic data from the Eurozone sparked fears of a slowing global economy. All three major stock indexes were down with the Nasdaq composite index – off 2.26 percent – falling furthest.

The Entrepreneur Index™ fell 2.44 percent today with just eight of 60 stocks posting gains on the day.

Costco Wholesale Group had the biggest decline on the index, falling 8.59 percent after reporting earnings this morning. The retailer beat revenue estimates but missed on earnings by a penny. It blamed increased competition from the likes of Walmart and Amazon.com – particularly in the grocery business – for shrinking margins. The stock is still up 11 percent for the year.

Universal Health Services, which operates acute care health facilities, also got hammered after a Goldman Sachs analyst

downgraded the stock from neutral to sell today. It dropped 8.2 percent. Universal's stock soared through most of November, but is down 13 percent so far in December.

Technology stocks were down sharply, with Amazon.com (-4.01 percent) and Netflix (-3.33 percent) posting some of the biggest declines. Adobe Systems Inc. fell hardest in the sector, sliding 7.29 percent today. The software maker reported strong financial results yesterday but analysts are concerned about its ability to integrate the large acquisition of Marketo announced in September.

All segments of the market were weak today. Cosmetics maker Estee Lauder Companies, with a strong and growing business in Asia, was down 3.53 percent. Medical device manufacturer Boston Scientific Corp. declined 3.19 percent and investment bank Jefferies Financial Group was down 4.23 percent. Restaurant chain Chipotle Mexican Grill fell 3.15 percent.

Even Tesla, up 40 percent in the last two months, fell today. Despite an exuberant tweet earlier this week from CEO Elon Musk about the possibility of a Tesla pick-up truck coming to market soon, it was down 2.94 percent today.

Regeneron Pharmaceuticals was one of the few stocks to post a gain on the day, rising 0.70 percent after a Goldman Sachs analyst upgraded the stock to "buy," citing the company's strong product pipeline. Fellow drug-maker Alexion Pharmaceuticals was down 2.67 percent.

Under Armour Inc. after falling precipitously over the last two days, was up 1.17 percent. The biggest gain on the Entrepreneur Index™ was posted by specialty retailer Bed Bath & Beyond. After setting a 52-week low this morning, the stock bounced 1.38 percent. It's down 47 percent on the year.

Other gains on the index included Dollar Tree Inc. (0.95 percent), Ford Motor Co. (0.24 percent) and REITs Essex Property Trust (0.21 percent), Kimco Realty Corp. (0.61

percent) and Apartment Investment and Management Co. (0.47 percent).

The Entrepreneur Index™ collects the top 60 publicly traded companies founded and run by entrepreneurs. The entrepreneurial spirit is a valuable asset for any business, and this index recognizes its importance, no matter how much a company has grown. These inspirational businesses can be tracked in real time on Entrepreneur.com.

https://www.entrepreneur.com/article/324879