Stocks Are Cheap, But Is a Recession Coming?

A day after the strongest gains of the year, stock prices whip-sawed from horrible in the morning morning to a jubilant afternoon today.

December 27, 2018 3 min read

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The Dow Industrials index was down more than 600 points before clawing it all back and more to close up 260 points or 1.14 percent. The S&P 500 and Nasdaq Composite indexes were up 0.86 percent and 0.38 percent respectively. The Entrepreneur Index™, down more than 3 percent in the morning, gained 0.37 percent.

Investors appear torn between the fear of a looming recession and the opportunity to buy suddenly cheap stocks. In the morning, they sold out of equities and bought into the safety of U.S. Treasury bonds. The yield on the 10-year Treasury bond (which moves opposite to its price), was down more than 6 points before investors did an about face and piled back into stocks. It ended the day down one basis point at 2.79 percent. The volatility index (VIX), which measures volatility in the stock market, was above 30 for the fifth straight session.

Technology stocks had the biggest reversal, with most down sharply in the morning but ending with gains. Chipmaker NVIDIA Corp. had the biggest decline, falling 1.45 percent while Amazon.com (-0.63 percent) was the only FANG stock to close down on the day. Software maker salesforce.com had the biggest gain in the sector and on the Entrepreneur Index™, rising 3.33

percent.

Medical device maker Boston Scientific Corp. had a smart gain of 2.38 percent while business services provider Cintas Corp.was up 1.96 percent. After rising more than 10 percent yesterday, Hess Corp.was up another 2.69 percent today, despite the price of oil falling 1.2 percent.

Other notable gains on the Entrepreneur Index™ included restaurant chain Chipotle Mexican Grill (2.18 percent), pest-control company Rollins Inc. (1.85 percent) and insurer Aflac Inc. (1.9 percent).

Tesla had the biggest decline on the Entrepreneur Index™ today, falling 3.05 percent. The company is accelerating plans to build cars in China. It recently opened the tender process for contractors to build a giant $2 billion assembly plant in Shanghai. The stock is down nearly 20 percent in the last two weeks.

Retailer Bed Bath & Beyond had the third biggest decline, falling 1.38 percent. Casino operator Wynn Resorts Inc. had its usual hyper-volatile day, down more than five percent this morning and ending the day with a decline of 1.12 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.

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