Dow drops amid global concerns

HEIDI HEILBRUNN/STAFF

Jeff Herman, chief operating officer of Wagner Wealth Management, watches the stock market with Jordan Whitacre, not seen, an adviser with Wagner Wealth Management, in their offices on Monday.

Advisers: Investors should keep eye on long-term goals

DAVID DYKES
STAFF WRITER
DDYKES@GREENVILLENEWS.COM

A collective gasp was heard on Wall Street as the Dow Jones Industrial Average briefly plummeted more than 1,000 points Monday.

U.S. stocks pared most of the steep losses after an unsettling morning but lost ground again in the afternoon.

The Dow ended the tumultuous day down 588.40 points, or 3.57 percent, to 15871.35, and the S&P 500 dropped 77.68 points, or 3.9 percent, to 1893.21.

The Nasdaq Composite fell 179.79 points, or 3.8 percent, to 4526.25.

Financial advisers encouraged calm and many called it a late-summer swoon.

"It's not uncommon for markets to be very volatile in times of stress," said Steven Mann, a finance professor at the University of South Carolina's Darla Moore School of Business.

Slowing global economic growth, particularly in China, the world's second-largest economy, is causing much of the concern, he said.

"The news about China is not good," Mann said. "There could be more. If the second-largest economy is slowing, then the whole global economy is slowing."

It remains to be seen whether the latest stock market drop "is the pause that refreshes" through a correction or something more serious, he said.

Jeff Herman, chief operating officer for Wagner Wealth Management in Greenville, said he fielded several calls from nervous investors, with most saying, "Just give me more information. Tell me what your thoughts are."

"Whether the worst is to come, or whether the worst is over, we just don't know."

JEFF HERMAN
WAGNER WEALTH MANAGEMENT

TO KNOW MORE

Find out more about the volatile stock market and its effect on our economy on **Page 5B**.

"It's people who want to be reassured, but we haven't had any panicked people that are saying, 'Get me out of the market,'" he said.

His 11-member firm works with investors to customize portfolios chiefly with stocks, bonds, mutual funds and real estate and often worth $250,000 or more. Many have retirement plans such as 401(k) accounts.

He reminded clients they are investors, not traders, so short-term volatility "should not impact them for their long-term goals."

"While it does create some scare, while it does create some anxiety, a lot of times the best move is to do nothing at all," Herman said. "Whether the worst is to come, or whether the worst is over, we just don't know."

"More money is lost due to emotion than anything else in market downturns like this," he said.

Among stocks of local interest, Duke Energy declined $4.27, or 5.57 percent, to $72.44; General Electric dropped 72 cents, or 2.93 percent, to $23.87; Lockheed Martin lost $7.22, or 3.53 per-

See ECONOMY, Page 4A

Economy

Continued from Page 1A

cent, to $197.46; and ScanSource was off 37 cents, or 1.07 percent, to $34.36.

Bob Nachman, managing director of Nachman Norwood & Parrott, a wealth management consulting firm in Greenville, said key points to remember include:

» Since March of 2009, markets had almost tripled in value. At the same time, it's been four years since there was a "correction" — a decline of greater than 10 percent.

» Market pullbacks "are a necessary evil," especially when prices have remained high.

» There is plenty to be concerned about with China and the price of commodities.

» Investors should stay focused on the long term.

"Speculators and those who are invested in the equity markets without staying power should be concerned," he said.

Meanwhile, Herman and Mann said they are 100 percent invested in stocks for retirement and don't plan any changes for now.

Herman, nearing age 50, said with his life expectancy to about age 90, "I need those dollars to last 40 years. That's why I am personally 100 percent stocks."

It's a bit more aggressive but "for someone my age and for my risk tolerance, it fits within a normal range," he said.

He favors large, blue-chip companies such as Procter & Gamble, Microsoft, Coca-Cola Co., PepsiCo Inc., Philip Morris International, Kimberly-Clark and McDonald's. Most pay a dividend and have increased it over the years, he said.

"I'm looking to base my pattern of stock ownership on the companies that I use and the companies that I see other people using that are in a big, blue-chip category," he said.

Mann, 56, said he has been 100 percent invested in stocks for years.

"I'm going to stay 100 percent stocks for about five more years and then I'm going to start easing in some fixed income (investments) in there," he said.