

# It's a 'bear cub' market now

## LI experts: several factors for decline

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Two Long Island financial advisers said the stock market remains far removed from a full-fledged bear market despite turbulent price swings.

Major U.S. indexes tumbled about 3 percent yesterday. The Dow Jones industrial average fell 469.68 points, or 2.84 percent, to 16,058.35 yesterday and is down about 12 percent from its 2015 high. The Standard & Poor's 500 index, a broader measure of the largest publicly traded U.S. companies, and the Nasdaq Composite both declined 3 percent.

Craig Ferrantino, president of Craig James Financial Servic-

es LLC in Melville, said investors had not entered bear market territory.

While "corrections" usually are seen as a short-term 10 percent drop in major indexes such as the Dow or S&P 500, a bear market usually is seen as a 20 percent decline that lasts for at least two months.

"We're having a bear cub, not a full bear," Ferrantino said.

Michael Kresh, chief investment officer at Islandia-based Creative Wealth Management LLC, described the market decline as an "overdue correction" but not the opening chapter of a bear market.

Several factors are driving the stock market decline, notably uncertainty surrounding China, a driver of global economic growth. "There's just not a lot of transparency," Ferrantino said of the Chinese econo-

my. "There's no one to verify their accounting procedures"

Another clue to the market's direction will come with Friday's U.S. unemployment report for August, he said.

Paradoxically, if unemployment comes in low, that could spook the stock market. Full employment will give the Federal Reserve more reason to raise interest rates, usually a negative for stock market performance.

"It's another shoe to drop," he said.

Ferrantino said a clearer view of the stock market also will emerge after Sept. 9, when students return to New York City schools and many Wall Streeters return from vacation.

"My gut feeling is that people are still in the Hamptons," he said. "You'll see the real action the day New York City schools go back."

Kresh said that traders with "twitchy fingers" have been on a hair-trigger anticipating actions by the Federal Reserve to raise historically low interest rates.

Even after a rate rise by the Fed, interest rates will remain low, Kresh said, creating little incentive for investors to move money out of stocks and into fixed-income investments. And that will ensure that a true bear market does not develop, Kresh said.

"There are no alternatives," he said. "You can't leave the market and go into hiding."

Moreover, "We're not looking at a recession," Kresh said. "We're just looking at a correction, but it's scarier because . . . we've seen the markets have hundreds-of-points moves in a few minutes. We need to get used to that so we don't push the panic button."