BUSINESS

Duke professor: Stock market slide 'definitely not a crash'

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DURHAM, N.C. — Wall Street spent all day Tuesday in green territory before sliding into red just before the closing bell.

At one point, the Dow was up 400 points. But that rally turned into a surprise sell-off in the last half-hour, reflecting continued concerns about the impact that China's economic slowdown may have on the United States.

“What we're seeing here is a spike in volatility,” said Cam Harvey, finance professor at Duke University’s Fuqua School of Business. “In terms of the history of the U.S. stock market, this would definitely not qualify as a crash.”

But it felt like one for jittery investors who dumped millions of shares of stock at the opening bell Monday, sending the Dow into a 1,000-point nosedive.

China's decision to cut interest rates overnight kicked off a rally that ultimately folded.

“There are certain industries that are more sensitive to that economic slowdown in China than other industries. And the tech industry is definitely sensitive to that,” Harvey said.

Tech stocks have taken some of the biggest hits so far. Those headquartered in the Triangle aren't immune.

But Harvey doesn't expect the volatility will spur layoffs. He also draws a distinction between an economic crash – like what happened in 2008 when the economy bottomed out - and a financial dip.

“What's more important is the economic implications in terms of the economy,” he said. “That's what's driving employment, not volatility in the stock market.”

There is also a lot of uncertainty among investors about whether the Federal Reserve will raise interest rates later this year. Market analysts say those concerns are bolstering some of this volatility.

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