REGIONAL SHARES TAKE LUMPS IN LONG-AWAITED CORRECTION

By Len Boselovic, Pittsburgh Post-Gazette

Wall Street's broad decline has dented the stocks of Western Pennsylvania companies, with energy and materials producers being among the hardest hit since the Dow Jones Industrial Average peaked on Jan. 26.

The Post-Gazette/Bloomberg index of regional stocks has declined 9.4 percent since then, while the S&P 500 index is off 8.8 percent and the Dow is down 9.1 percent.

Only two of the 49 stocks in the regional index have held their ground since the Dow closed at its all-time high.

Nineteen of them have fallen 10 percent or more.

"It's harder to explain why we went so long without a correction than it is to explain why we're having one now," said John Frankola with Vista Investment Management in Wilkins.

"We got used to thinking the market goes up every year, the market goes up every month," he said. "That's not the way the market works."

Three metals producers, and one metals industry supplier, were among the hardest hit since the Jan. 26 market top. Shares of AK Steel, a West Chester, Ohio, steelmaker with operations in Butler, are off 29 percent since then. They closed Friday at $4.50.

U.S. Steel shares fell 16 percent over the same period, finishing Friday at $34.24. Specialty metals producer Alcoa registered a 15 percent decline, closing Friday at $45.92.

Shares of Carnegie-based Ampco-Pittsburgh, which supplies metals producers, are off nearly 25 percent since the market top. Ampco-Pitt closed Friday at $11.25.

Among regional energy producers, shares of natural gas producer EQT have fallen 22 percent, closing Friday at $45.73.

Regional banks were among the companies that suffered the least during the broad market decline.

Wheeling-based Wesbanco is the only regional stock to register a gain over the two-week period, rising less than 1 percent to finish Friday at $41.82.

Eight other banks, including PNC Financial Services, have fallen less than 10 percent since the market turn.

The only other regional stock to hold its own was Calgon Carbon, which is the subject of a $21.50 per share takeover bid from Japan's Kuraray Co.

The transaction is expected to be completed in the first quarter.

Calgon Carbon shares closed Friday at $21.35, matching their Jan. 26 close.

Friday was another wild ride, with stocks opening sharply higher, only to swing into negative territory before ending the day on a happier note.

Investors aren't accustomed to such volatility.

Last year, there wasn’t a single trading day when the market closed 2 percent higher or lower than it did the day before, Mr. Frankola said.

Compare that to 2008-09, when 2 percent changes happened one day out of five, he said. “That was probably abnormal in the other direction,” Mr. Frankola said.

Matt Yanni of Yanni & Associates, a Franklin Park investment management firm, called the past few weeks “a healthy correction.”

“In a normal market environment, we should see corrections occur from time to time. As painful as they are to go through, they are normal,” he said.

While Mr. Yanni said an outbreak of inflation remains a concern, he is encouraged by most economic indicators, as well as forecasts that corporate earnings will grow 5 percent in the first quarter.

“Overall, we still believe we’re in a healthy economy,” he said. “We are still expecting a healthy year in the stock market.”