

Wednesday 12<sup>th</sup> August 2015 – 2:50 pm

International

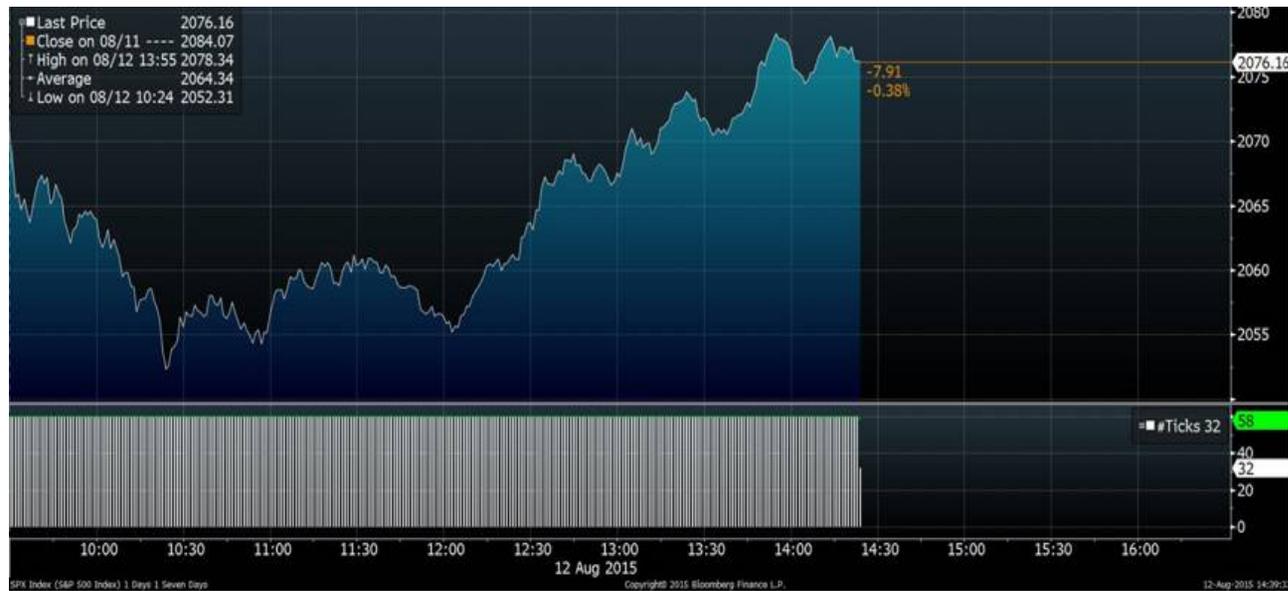
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## **U.S Stocks fall for second day amid China growth concerns**

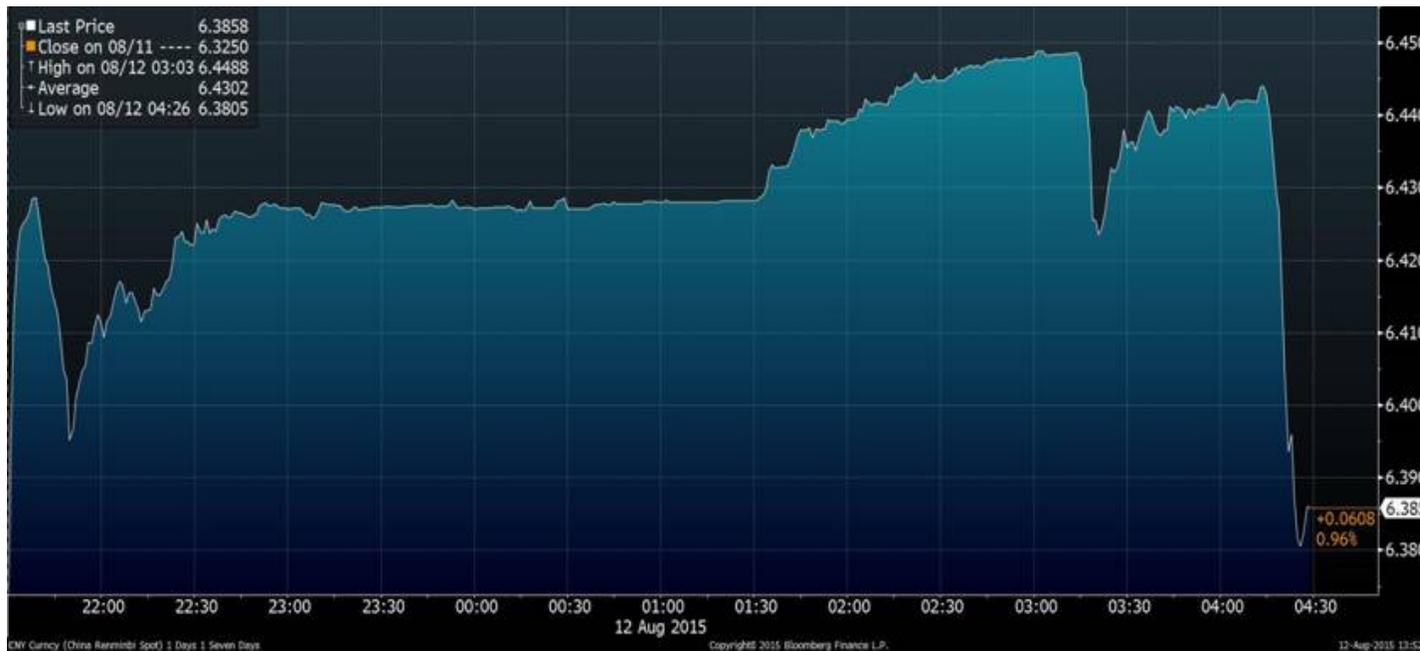
- U.S stocks dropped, with the Standard & Poor's 500 Index briefly erasing 2015 gains, amid concern that a slowdown in China's economy will weigh on global growth.
- Companies with substantial sales in China fell further after Tuesday's selloff. Yum! Brands Inc. and Wynn Resorts Ltd. share prices declined at least 2.9%. Citigroup Inc. and Bank of America Corp. lost more than 2%. Alibaba Group Holding Ltd. sank 6% to an all-time low, and Yahoo! Inc. slumped 5.3%.
- The S&P 500 fell to 2076.16 at 2:40 pm, below its average price of 2084.94 for 2015, after falling as much as 1.5% intraday.
- China's decision on Tuesday to allow the Yuan to devalue by shifting to a more market-determined rate sparked concern that can lead to a slowdown in the world's second largest economy and may spill over to the European and American markets.
- In so doing the People's Bank of China (PBOC) followed through on a pledge to align its exchange rate fixing more closely with the market price. At the same time, however, the PBOC intervened to support the currency and told banks to limit some companies' dollar purchases.
- The currency slid as much as 2% to a four-year low of 6.4510 per dollar in Shanghai, before recouping about half its loss in the final 15 minutes of trading.

Chart 1 illustrates the S&P 500 fall and subsequent recovery.



Source: Bloomberg

Chart 2 shows the decline in the Chinese Yuan when compared to the United States Dollar.



Source :

Bloomberg

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