



Stock Market News Today: Oct. 3, 2019

Description

A painful morning gave way to a more pleasant afternoon in the stock market today, with substantial gains for all the major indexes. [Recent data](#) has sowed fears of a looming recession, but investors were able to shake that off on Thursday following two days of broad losses.

Index	Change at 1:50 p.m. EDT
Dow Jones Industrial Average (DJINDICES: ^DJI)	0.41%
S&P 500 (SNPINDEX: ^GSPC)	0.71%
Nasdaq Composite (NASDAQINDEX: ^IXIC)	1.08%

Data source: Yahoo! Finance.

Unable to rise with the market were **Snap** ([NYSE: SNAP](#)) and **GoPro** ([NASDAQ: GPRO](#)). The social media company slumped after a new competing app emerged, and the action-camera maker tumbled after its latest product launch didn't go according to plan.

Snap gets more competition

Snap is no stranger to having the core functionality of its Snapchat app copied wholesale. The Stories format, which features multiple images and videos that disappear after a day, was introduced to Snapchat in 2013. A few years later, [Facebook added the same feature](#) to its various apps and quickly grew a massive user base.

Facebook is at it again, this time with a new app focused on sharing images with close friends. The [social media titan](#) announced Threads from Instagram on Thursday, a stand-alone app that allows a user to share photos, video, messages, and stories with those on their close-friends list on Instagram. Shares of Snap were down 4.5% at 1:50 p.m. EDT.

Facebook claims that Threads is “the fastest way to share a photo or video with your close friends on

Instagram.” Snap has long emphasized speed as a core selling point of its Snapchat app. From its S-1 filing: “When we launched Snapchat in September 2011, it was one of the fastest ways to send a photo on a smartphone.”

Yet another app that directly competes with Snapchat will make it even tougher for Snap to eventually turn a profit. In the first six months of 2019, the company recorded a net loss of \$566 million on just \$708 million of revenue. The numbers are trending in the right direction, but the road to profitability, if it even exists, is very long.

Snap’s next quarterly report will likely come this month. The company will need to persuade investors that it can keep growing its user base in an increasingly competitive environment.

GoPro bungles the HERO 8 launch

Shares of GoPro got a boost earlier this week when the action camera company [announced a new slate of products](#) for the holiday season. The \$399 HERO 8 Black and the \$499 HERO Max gave investors some hope that sales would rebound.

It didn’t take long for the news to turn sour. After the market closed on Wednesday, the company cut its guidance due to [late-stage production delays](#) related to the HERO 8 Black. It said it expected a significant revenue shift from the third quarter to the fourth quarter. Shares of GoPro were down 19.1% at 1:50 p.m. EDT.

The Hero 8 Black with Media Mod. Image source: GoPro.

GoPro now expects its full-year revenue to grow by 6% to 9%, down from a previous outlook calling for 9% to 12% growth. Adjusted gross margin in the second half will be a percentage point lower than previously expected due to the production delay. The company expects to turn a per-share adjusted profit of \$0.32 to \$0.35 for the year, but it will lose money under generally accepted accounting principles ([GAAP](#)).

GoPro hasn’t turned a GAAP profit since 2015, and its revenue has been in decline for three years. With the company struggling to launch new products on time, the odds of a turnaround aren’t looking good.

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