

S&P 500 4,450.38 +53.94 (+1.23%)



Dow 30 34,407.60 +285.18 (+0.84%)



Nasdaq 13,787.92 +196.59 (+1.45%)



Russell 2000 1,888.73 +7.14 (+0.38%)



Crude Oil 70.45 +0.59 (+0.84%)



Gold 1,927.8 +9.90 (+)

ZACKS

# Wall Street Analysts See ON Semiconductor Corp. (ON) as a Buy: Should You Invest?



## Zacks Equity Research

May 9, 2023 · 4 min read

In this article:

ON +2.72% ☆

Investors often turn to recommendations made by Wall Street analysts before making a Buy, Sell, or Hold decision about a stock. While media reports about rating changes by these brokerage-firm employed (or sell-side) analysts often affect a stock's price, do they really matter?

Let's take a look at what these Wall Street heavyweights have to say about ON Semiconductor Corp. (ON) before we discuss the reliability of brokerage recommendations and how to use them to your advantage.

ON Semiconductor Corp. currently has an average brokerage recommendation (ABR) of 1.50, on a scale of 1 to 5 (Strong Buy to Strong Sell), calculated based on the actual recommendations (Buy, Hold, Sell, etc.) made by 24 brokerage firms. An ABR of 1.50 approximates between Strong Buy and Buy.

Of the 24 recommendations that derive the current ABR, 18 are Strong Buy, representing 75% of all recommendations.

### Brokerage Recommendation Trends for ON



Broker Rating Breakdown Chart for ON

Quote Lookup

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Symbol	Last Price	Change	% Change
ON	94.58	+2.50	+2.72%
ON Semiconductor Corporation			

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Symbol	Last Price	Change	% Change
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ON Semiconductor Corporation			

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While the ABR calls for buying ON Semiconductor Corp., it may not be wise to make an investment decision solely based on this information. Several studies have shown limited to no success of brokerage recommendations in guiding investors to pick stocks with the best price increase potential.

Do you wonder why? As a result of the vested interest of brokerage firms in a stock they cover, their analysts tend to rate it with a strong positive bias. According to our research, brokerage firms assign five "Strong Buy" recommendations for every "Strong Sell" recommendation.

In other words, their interests aren't always aligned with retail investors, rarely indicating where the price of a stock could actually be heading. Therefore, the best use of this information could be validating your own research or an indicator that has proven to be highly successful in predicting a stock's price movement.

Zacks Rank, our proprietary stock rating tool with an impressive externally audited track record, categorizes stocks into five groups, ranging from Zacks Rank #1 (Strong Buy) to Zacks Rank #5 (Strong Sell), and is an effective indicator of a stock's price performance in the near future. Therefore, using the ABR to validate the

Story continues

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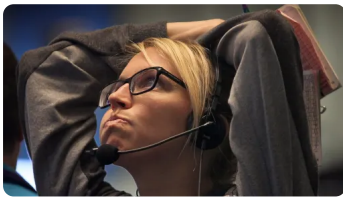


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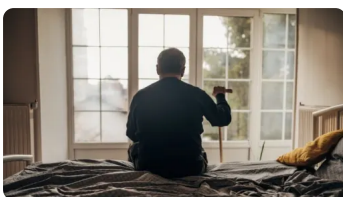


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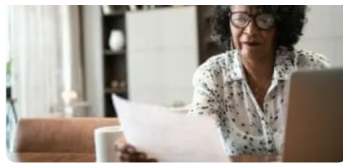
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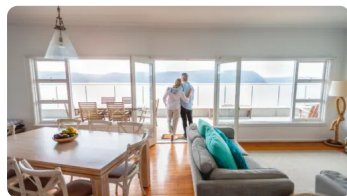
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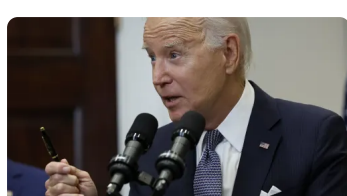
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