

Weekly Wrap

Stocks struggled to fend off coronavirus headlines and overvaluation talk during this holiday-shortened trading week. The S&P 500 (-1.0%), Dow Jones Industrial Average (-1.2%), and Nasdaq Composite (-0.8%) hit new highs mid-week but were hit with noticeable losses on Friday. The Russell 2000 continued to underperform with a 2.2% weekly decline.

A new strain of coronavirus originated in Wuhan, China and forced the country to place several cities on lock down right before the Lunar New Year festivities. There were two confirmed cases in the U.S., one in Seattle and the other in Chicago, but the World Health Organization did not declare an international virus alert or public health emergency.

There were concerns that economic activity would slow down, as well as earning growth as a result, which provided sellers a convenient excuse to sell a market some think is overvalued. Growth concerns were manifested in the 7.4% weekly drop in WTI crude (\$54.21/bbl, -\$4.34), the advance in Treasuries, and the heavy losses in the cyclical energy (-4.3%), materials (-2.3%), and financials (-2.2%) sectors.

Conversely, the rate-sensitive utilities (+2.4%) and real estate (+1.0%) sectors finished comfortably higher amid the decline in yields. The information technology sector (+0.3%) followed suit, thanks to earnings-driven gains in **IBM (IBM)** and **Intel (INTC)**. Shares of Intel surged 8% on Friday.

Staying in the semiconductor space, *Bloomberg* reported that **Apple (AAPL)** will begin producing low-cost iPhones next month and asked **Taiwan Semi (TSM)** to increase its chip supply to meet strong iPhone demand. **Broadcom (AVGO)** signed two, separate multi-year agreements with Apple to supply it with high-performance wireless components and modules.

Other notable stories included **Tesla (TSLA)** reaching a \$100 billion market-cap valuation, **Comcast (CMCSA)** saying it expects video subscriber losses to increase in 2020, and **Boeing (BA)** delaying its 737 MAX timeline to mid-2020. A report on Friday indicated the FAA could approve the 737 MAX before mid-year, though.

The U.S. Treasury market experienced some curve-flattening activity. The 2-yr yield dropped eight basis points to 1.48%, and the 10-yr yield dropped 16 basis points to 1.68%. The U.S. Dollar Index advanced 0.3% to 97.86.

Index	Started Week	Ended Week	Change	% Change	YTD %
DJIA	29348.10	28989.73	-358.37	-1.2	1.6
Nasdaq	9388.94	9314.91	-74.03	-0.8	3.8
S&P 500	3329.62	3295.47	-34.15	-1.0	2.0
Russell 2000	1699.64	1662.23	-37.41	-2.2	-0.4

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Sentiment
Positive (1.00)
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