

Weekly Wrap

Week in Review: Stock market hits new records mid-week but sells off at the end

The S&P 500 (-1.3%) and Nasdaq Composite (-1.6%) set new intraday and closing records this week as investors remained unconcerned by the coronavirus, but stock sold off to end the week amid a pervasively defensive tone. The Dow Jones Industrial Average lost 1.4%, and the Russell 2000 lost 0.5%.

The week started with **Apple (AAPL)**, the world's largest technology company by market cap, providing a revenue warning for the March quarter due to the coronavirus. Shares recouped initial losses a day later, as investors viewed the situation as temporary and China-specific, but it was hard to ignore the widening spread of the virus and the defensive positioning in the market.

U.S. Treasuries, gold (\$1649.90, +67.20, +4.3%), and the CBOE Volatility Index (17.08, +3.40, +24.9%) advanced noticeably during the week, and barely moved even when the market hit new highs and momentum stocks like **Tesla (TSLA)** and **Virgin Galactic (SPCE)** extended their parabolic runs. Part of the defensiveness could be attributed to the elevated valuations in the market clashing with growth risks due to the coronavirus.

Cyclical sectors, and mega-cap stocks, underperformed, with the S&P 500 information technology (-2.5%), financials (-1.3%), and industrials (-1.2%) sectors leading the retreat. The defensive-oriented real estate sector (unch) was the lone group to avoid a weekly loss.

If one were to remain constructive on the market, one could point to this week's upbeat economic data. Building permits climbed to a near 13-year high in January, weekly jobless claims remained at low levels, and the Philadelphia Fed Index surged to 36.7 in February (Briefing.com consensus 10.7) from 17.0 in January. The data wasn't enough to prevent this week's profit taking, though.

The 2-yr yield declined seven basis points to 1.35%, and the 10-yr yield declined 11 basis points to 1.47%. The U.S. Dollar Index closed 0.2% higher to 99.32 after setting a three-year high (99.61) during the week. WTI crude rose 2.8%, or \$1.44, to \$53.37/bbl.

Index	Started Week	Ended Week	Change	% Change	YTD %
DJIA	29398.08	28992.41	-405.67	-1.4	1.6
Nasdaq	9731.18	9576.59	-154.59	-1.6	6.7
S&P 500	3380.16	3337.75	-42.41	-1.3	3.3
Russell 2000	1687.58	1678.61	-8.97	-0.5	0.6

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Sentiment
Positive (1.00)
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