

Weekly Wrap

The stock market rallied to new heights this week, as investors looked past coronavirus concerns and drew support from positive fundamentals. The Nasdaq Composite outperformed with a 4.0% weekly gain, followed by the S&P 500 (+3.2%), Dow Jones Industrial Average (+3.0%), and Russell 2000 (+2.7%).

The prevailing view was that the economy is fine and any negative impact resulting from the coronavirus will be minimal, based on economic actions taken by China, reports of progress being made toward a vaccine, and upbeat U.S. economic data. In other words, the buy-the-dip trade was backed by several positive developments this week.

Ten of the 11 S&P 500 sectors contributed to the advance, especially the information technology (+4.5%) and health care (+3.9%) sectors. The utilities sector (-0.6%) was the lone holdout.

Data showed nonfarm payrolls grow by 225,000 in January (Briefing.com consensus 164,000), the January ISM Manufacturing Index return into expansion territory after five straight months of contraction, the ISM Non-Manufacturing Index accelerate for the second straight month for January, and weekly jobless claims fall to their lowest level in nine months.

China shored up confidence after it injected liquidity into its markets to help offset any impact from the coronavirus and said it will cut tariffs on \$75 billion of U.S. imports by 50% on Feb. 14. In addition, reports indicated that the People's Bank of China is planning additional stimulus that will encourage lending activity.

The coronavirus isn't in the rear-view mirror just yet, as some companies like **Walt Disney (DIS)** and **Nike (NKE)** said it will have a negative impact on financial results, but the market is optimistic it won't get worse. **Apple (APPL)** for its part temporarily closed its China stores but shares still rose more than 3% this week.

Tesla (TSLA) was arguably the story stock of the week after shares rose as much as 48.9% in a span of less than two days in a short squeeze. Shares

finished the week higher by 15.0%. Separately, **Alphabet (GOOG)** reported revenue that was below expectations, but shares overcame initial weakness.

U.S. Treasuries finished the week lower, driving yields higher across the curve. The 2-yr yield increased seven basis points to 1.39%, and the 10-yr yield increased six basis points to 1.58%. The U.S. Dollar Index rose 1.3% to 98.69. WTI crude fell 2.4%, or \$1.23, to \$50.35/bbl, unable to draw enthusiasm from talk of possible OPEC+ production cuts.

Index	Started Week	Ended Week	Change	% Change	YTD %
DJIA	28256.03	29102.51	846.48	3.0	2.0
Nasdaq	9150.94	9520.51	369.57	4.0	6.1
S&P 500	3225.52	3327.71	102.19	3.2	3.0
Russell 2000	1614.06	1656.78	42.72	2.6	-0.7

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Sentiment

Positive (1.00)

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