

Weekly Wrap

Week in Review: Stocks post best monthly gains since 1987, but falter into week's end

The S&P 500 ended the week with a 0.2% decline, although it had been up as much as 3.9% mid-week in a momentum trade fueled by reopening hopes and COVID-19 therapeutic progress. The Dow Jones Industrial Average (-0.2%) and Nasdaq Composite (-0.3%) posted comparable declines, while the Russell 2000 gained 2.2%.

Sentiment was boosted this week after **Gilead Sciences (GILD)** confirmed that remdesivir, an antiviral treatment for COVID-19, met its primary endpoint in an NIAID placebo-controlled study. The FDA approved it for emergency use on Friday. With states starting to reopen their economies (18 states as of May 1), the market was hopeful that things could return to normal soon.

The normal as of late, unfortunately, has been an onslaught of weak economic data that has painted a disconnect between the economy and the stock market. Notably, the ISM Manufacturing Index for April declined to its lowest level since 2009; Q1 GDP contracted at a 4.8% annualized rate (Briefing.com consensus - 4.3%); and personal spending dropped 7.5% in March (Briefing.com consensus -3.6%).

There has been a prevailing expectation, though, that the data will only get better moving forward. Initial jobless claims, for instance, did decrease by 603,000 to 3.839 million (Briefing.com consensus 3.050 million) for the week ending April 25.

At the same time, central banks remained committed to supporting the financial system. Notable actions this week included the following:

- The Fed unanimously voted to maintain the target range for the fed funds rate at 0.00-0.25%, signaled rates will stay there for much longer, and expanded the scope and eligibility for its Main Street Lending Program.
- The ECB said it will conduct net asset purchases under its EUR750 billion pandemic emergency purchase program through at least the end of the year.
- The Bank of Japan lifted the cap on its JGB bond purchases said it will increase its purchases of corporate bonds and commercial paper.

Ultimately, after an unprecedented rally off the March 23 low, valuation concerns reined in the initial enthusiasm. Five of the 11 S&P 500 sectors closed lower, while five closed higher in a week that featured earnings reports from **Apple (AAPL)**, **Microsoft (MSFT)**, **Amazon (AMZN)**, **Alphabet (GOOG)**, and **Facebook (FB)**.

The energy sector (+2.9%) saw the biggest weekly advance amid a 16.1% gain in WTI crude futures (\$19.77/bbl, +2.74), while the utilities sector (-4.3%) declined the most.

U.S. Treasuries traded mixed, causing some minor curve-steepening activity. The 2-yr yield was unchanged at 0.20%, while the 10-yr yield increased four basis points to 0.64%. The U.S. Dollar Index declined 1.3% to 99.03.

Index	Started Week	Ended Week	Change	% Change	YTD %
DJIA	23775.27	23723.69	-51.58	-0.2	-16.9
Nasdaq	8634.52	8604.95	-29.57	-0.3	-4.1
S&P 500	2836.74	2830.71	-6.03	-0.2	-12.4
Russell 2000	1233.05	1260.48	27.43	2.2	-24.4

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Sentiment

Positive (1.00)

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