

# Weekly Wrap

*Week in Review: Large-cap indices decline for the third straight week*

It was another bad week for the mega-cap stocks, but some rotation into cyclical and value stocks did limit the index declines. The S&P 500 (-0.6%) and Nasdaq Composite (-0.6%) both lost 0.6%, and the Dow Jones Industrial Average (-0.03%) finished just below its flat line. The Russell 2000 rose 2.6% in a catch-up trade.

The week started on a bullish note, with the market rebounding from back-to-back weekly declines, but general weakness originated on Wednesday after the FOMC policy decision. The Fed did as expected, so one can't really blame the central bank this week. Briefly, the Fed kept rates unchanged and signaled they will remain near zero through 2023.

The mega-caps showed weakness way before the decision and extended losses throughout the rest of the week amid valuation concerns following a spectacular IPO from **Snowflake (SNOW)**, options-expiration activity on Friday, and news that TikTok and WeChat will be banned from U.S. downloads on Sunday.

**Apple (AAPL)** fell 4.6% this week, dragging the S&P 500 information technology sector (-1.0%) down with it. The communication services (-2.3%), consumer discretionary (-2.3%), and consumer staples (-1.7%) sectors fell even more, while the energy (+2.9%), industrials (+1.5%), materials (+0.9%), and health care (+0.8%) sectors benefited from a rotational trade.

Factors that contributed to the rotation included **AstraZeneca (AZN)** resuming its COVID-19 vaccine trials in the UK, rebounding oil prices (\$41.09/bbl, +3.75, +10.0%) that favored energy stocks, upbeat guidance out of the steel industry, and **General Electric (GE)** providing positive cash-flow expectations. GE shares rose 15% this week.

The financials sector (-0.2%) outperformed on a relative basis, but the Fed's acknowledgement of lower rates, and profitability concerns, weighed on sentiment. **Citigroup (C)** fell 12% on news it could get reprimanded for failing to improve its risk-management systems.

In other developments, **NVIDIA (NVDA)** agreed to acquire Arm Holdings from Softbank for \$40 billion in cash and stock, and House Speaker Pelosi (D-CA) repeated that a stimulus deal must be at least \$2.2 trillion. Ms. Pelosi's comments came after centrist lawmakers proposed a \$1.5 trillion relief bill that President Trump said he liked.

U.S. Treasuries traded near their flat lines all week. The 2-yr yield remained unchanged at 0.13%, and the 10-yr yield increased two basis points to 0.69%. The U.S. Dollar Index declined 0.4% to 92.95.

Index	Started Week	Ended Week	Change	% Change	YTD %
<b>DJIA</b>	27665.64	27657.42	-8.22	-0.0	-3.1
<b>Nasdaq</b>	10853.55	10793.28	-60.27	-0.6	20.3
<b>S&amp;P 500</b>	3340.97	3319.47	-21.50	-0.6	2.7
<b>Russell 2000</b>	1497.27	1536.78	39.51	2.6	-7.9

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