

Weekly Wrap

Week in Review: Big week for IPOs, but not so much for the large-cap indices

Each of the major indices set incremental new highs mid-week, but the market grew tired legs at the back-end of the week. The Russell 2000 (+1.0%) still managed to close higher for its sixth straight weekly gain, while the S&P 500 (-1.0%), Nasdaq Composite (-0.7%), and Dow Jones Industrial Average (-0.6%) finished in negative territory.

One of the biggest reported headwinds this week was the new supply of stock issued in the form of IPOs and secondary offerings. Airbnb (ABNB) more than doubled in its IPO, DoorDash (DASH) surged 85% in its first day of trading, and Tesla (TSLA) sold \$5 billion of common stock through an "at-the-market" offering program.

Airbnb and DoorDash were the largest IPOs, but the smaller ones had similarly bullish reactions, which market observers interpreted as a sign of speculative fervor that warranted a time-out. Still, lingering vaccine optimism and stimulus hopes mitigated selling interest.

Nine of the 11 S&P 500 sectors finished the week in the red. The real estate sector (-2.9%) lagged with a 3% decline, and the influential information technology sector fell 1.4%. The energy (+1.1%) and communication services (+0.1%) sectors closed higher.

In vaccine news, the UK began inoculating its citizens with the Pfizer-BioNTech vaccine, and the FDA advisory panel recommended that their vaccine be approved for emergency use. In addition, peer-reviewed data indicated that the AstraZeneca-Oxford vaccine is safe and effective in preventing symptomatic COVID-19 and that it protects against severe disease and hospitalization.

Separately, Treasury Secretary Mnuchin offered a new \$916 billion stimulus bill, but Democratic Congressional leadership preferred to focus on the \$908 billion bipartisan plan instead.

Unfortunately, both sides continued to accuse each other of essentially negotiating in bad faith.

The 10-yr yield fell eight basis points to 0.89%, as Treasuries bounced back from recent losses. Yields move inversely to prices.

Index Started Week Ended Week Change % Change YTD %

DJIA 30218.26 30046.37 -171.89 -0.6 5.3

Nasdaq 12464.23 12377.87 -86.36 -0.7 38.0

S&P 500 3699.12 3663.46 -35.66 -1.0 13.4

Russell 2000 1892.45 1911.70 19.25 1.0 14.6

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