

Weekly Wrap

Week in Review: Tech stocks and small-caps end week as winners

Each of the major indices set fresh all-time highs this week in a continuation of the market's positive trend. The Nasdaq Composite (+3.1%) and Russell 2000 (+3.1%) both advanced 3.1%, while the S&P 500 (+1.3%) and Dow Jones Industrial Average (+0.4%) finished with more modest gains.

As expected when the Nasdaq outperforms, the information technology sector (+3.2%) claimed the top spot in the S&P 500, followed by consumer discretionary (+2.3%) and materials (+1.9%). The energy (-4.3%) sector succumbed to profit-taking interest with a 4.3% decline, and the communication services sector (-0.5%) was the one other negative sector.

Positive factors throughout the week included news that a stimulus deal is close to being reached, the Fed affirming its "extraordinarily accommodative" policy stance, the Pfizer (PFE)-BioNTech (BNTX) coronavirus vaccine rolling out in the U.S., and news that Apple (AAPL) is planning to increase iPhone production by 30% yr/yr in the first half of 2021.

To be more specific, the size of a potential stimulus deal is looking to be around \$900 billion, although negotiations extended into the weekend amid continued disagreements. The Fed committed to purchasing at least \$120 billion of Treasury and mortgage-backed securities per month until substantial progress has been made with respect to employment and inflation targets.

The Fed's stance helped investors overlook relatively disappointing retail sales data for November and higher weekly initial claims, and it also put downwards pressure on the U.S. Dollar Index, which fell to its lowest level since April 2018.

The 10-yr yield increased six basis points to 0.95% amid increased selling interest in part due to the Fed's dovish policy and expectations for new supply of Treasuries needed to finance a potential stimulus deal.

Index	Started	Week	Ended	Week	Change	%	Change	YTD	%
DJIA	30046.37	30179.05	132.68	0.4	5.7				
Nasdaq	12377.87	12755.64	377.77	3.1	42.2				
S&P 500	3663.46	3709.41	45.95	1.3	14.8				
Russell 2000	1911.70	1969.99	58.29	3.0	18.1				

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