

# Weekly Wrap

*Week in Review: Volatility spikes and rattles Wall Street, but market ends week modestly lower*

It was a wild week on Wall Street, which was shaken up by concerns over growth, trade, yields, and even currencies. Despite all the negative-minded speculation, the S&P 500 only finished the week down 0.5%. The Dow Jones Industrial Average lost 0.8%, the Nasdaq Composite lost 0.6%, and the Russell 2000 lost 1.3%.

Out of the 11 S&P 500 sectors, six finished lower while five finished higher. The energy (-2.2%) and financials (-1.7%) sectors underperformed, while the defensive-oriented utilities (+1.0%) and real estate (+1.8%) sectors outperformed.

Two events were widely attributed to the early sell-off that extended last week's pullback: (1) China allowed the yuan to weaken beyond 7 per dollar in response to President Trump's tariff threat and (2) U.S. Treasury yields took a sharp downturn that further flattened the yield curve.

The former happened on Monday, which caused each of the major averages to lose more than 3% in the worst one-day performance of 2019. Adding to the sour mood was the U.S. labeling China a currency manipulator for the first time since 1994 and China halting U.S. agricultural purchases.

Stocks recouped some losses once China signaled it will keep the yuan stable, but the market returned to those lows on Wednesday after yields took a startling leg lower. Once yields stabilized, though, the stock market was able to finish the week well off those lows despite the lingering trade and growth concerns.

Low yields were nothing new for the market, which had seen yields steadily declining since November. In fact, low yields, and the expectation that they will remain low due to global central banks signaling for easier monetary policy, has been cited as a catalyst for the equity rally this year. Three more central banks -- from New Zealand, India, and Thailand -- cut rates sharper than expected this week.

Rather, the narrowing spread between the 2-yr and 10-yr yields made some investors nervous. The 2-10 spread, which is widely viewed as a possible indicator for a recession, narrowed to its lowest differential since 2007. By week's end, the 2-yr yield finished down eight basis points to 1.63%, and the 10-yr yield finished down 13 basis points to 1.73%. The U.S. Dollar Index fell 0.5% to 97.54. WTI crude lost 2.0% to \$54.61/bbl.

Separately, gold rose 3.5%, or \$51.00, to \$1508.50/oz this week, boosted by lower yields, the weaker dollar, and economic uncertainty. For the year, gold is now up 14.9%, just under with the S&P 500's 16.4% return.

Index	Started Week	Ended Week	Change	% Change	YTD %
<b>DJIA</b>	26485.01	26287.44	-197.57	-0.7	12.7
<b>Nasdaq</b>	8004.07	7959.14	-44.93	-0.6	20.0
<b>S&amp;P 500</b>	2932.05	2918.65	-13.40	-0.5	16.4
<b>Russell 2000</b>	1533.66	1513.04	-20.62	-1.3	12.2

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