

Weekly Wrap

Week in Review: Stock market ends week lower, undercut by headlines

The major U.S. indices lost ground this week, as the market appeared rattled by negative-sounding headlines related to trade and politics. The Dow Jones Industrial Average declined just 0.4%, but the S&P 500 (-1.0%), Nasdaq Composite (-2.0%), and Russell 2000 (-2.5%) posted sizable losses.

The market had two noticeable declines this week, with the first one coming on Tuesday as the market paid heed to the launch of an impeachment inquiry on President Trump. It seems unlikely at this point that anything material will transpire, but the political wrangling and uncertainty in how much this will affect trade negotiations weighed on sentiment.

Through all the ensuing political headlines, the market was still trending toward a relatively flat week on Friday. That was the case until headlines out of *Bloomberg* indicated that the White House was considering limiting U.S. investors' portfolio flows into China and delisting Chinese companies from U.S. stock exchanges. Granted, these were just headlines, but they clouded the outlook for a trade deal and threatened to upend the good will established by both countries ahead of trade talks on Oct. 10-11.

The S&P 500 health care (-3.0%), energy (-2.6%), and communication services (-2.3%) sectors led the broader retreat. Many energy stocks were pressured by the continued decline in oil prices (\$55.90, -2.19, -3.8%) as supply concerns dissipated. The communication services sector was weighed down by shares of **Facebook (FB)**, which lost nearly 7% amid recurring antitrust concerns.

Micron (MU) shares sold off 11% on Friday, pressured not only by the negative-minded trade speculation but also by soft guidance and a record inventory level. The Philadelphia Semiconductor lost 1.3%.

The defensive-oriented consumer staples (+1.2%), utilities (+1.3%), and real estate (+0.2%) sectors were the lone sectors that finished higher. Demand for U.S. Treasuries wasn't too noticeable, as yields only declined

modestly this week. The 2-yr yield declined three basis points to 1.65%, and the 10-yr yield declined three basis points to 1.69%. The U.S. Dollar Index advanced 0.6% to 99.10.

This might have been due to an understanding that the U.S. economy remains in decent shape. For instance, weekly jobless claims remained at historically low levels (213,000); the annual pace of new home sales for August (713,000) was one of the highest readings since October 2007; pending home sales rebounded 1.6% in August (Briefing.com consensus 0.6%); preliminary data showed encouraging manufacturing activity in the U.S. for September; and inflation pressure remained muted.

Still, it wasn't a good week for the broader market, and it was arguably a terrible week for IPOs. **Peloton (PTN)** fell 11% in its first day of trading, which reportedly caused Endeavor Group to scrap its IPO one day before going public. The **We Company (WE)** postponed its IPO while Adam Neumann was pressured to step down as CEO.

Index	Started Week	Ended Week	Change	% Change	YTD %
DJIA	26935.07	26820.25	-114.82	-0.4	15.0
Nasdaq	8117.67	7939.63	-178.04	-2.2	19.7
S&P 500	2992.07	2961.79	-30.28	-1.0	18.1
Russell 2000	1559.72	1520.48	-39.24	-2.5	12.7

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Sentiment
Positive (1)
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