

## Weekly Wrap

*Week in Review: Broad-based gains lift S&P 500 back above its 200-day moving average*

The stock market extended its rally this week on continued optimism about an economic recovery and a fear of missing out on further gains. The Dow Jones Industrial Average outperformed with a 3.8% gain, followed by the S&P 500 (+3.0%), Russell 2000 (+2.8%), and Nasdaq Composite (+1.8%).

Positive developments this week included the CEOs of **JPMorgan Chase (JPM)** and **Bank of America (BAC)** offering hopeful recovery commentary, **Boeing (BA)** observing some "green shoots" in its business, **Merck (MRK)** and **Novavax (NVAX)** joining the race for a COVID-19 vaccine, and Senate Majority Leader McConnell saying Senate discussions for a fifth COVID-19 relief bill will start in June.

All 11 S&P 500 sectors finished in positive territory and helped the S&P 500 close firmly above its 200 day-moving average (3001).

Value-oriented stocks within the S&P 500 financials (+6.6%) and industrials (+6.0%) sectors advanced the most on the view that these beaten-down stocks would outperform in an economic recovery. Defensive-oriented stocks within the utilities (+5.7%) and real estate (+5.8%) sectors, however, also outperformed.

There was a lot of uncertainty regarding U.S.-China relations this week after China approved legislation to tighten its control over Hong Kong. President Trump, in response, said the U.S. will eliminate special treatment for Hong Kong, will study practices of Chinese companies on U.S. exchanges, and will terminate its relationship with the World Health Organization.

What he didn't say mattered more, though. He didn't mention additional tariffs or anything about backtracking from the Phase One trade deal. President Trump also took aim at social media companies after **Twitter (TWTR)** flagged several of his tweets. Specifically, Mr. Trump signed an executive order to limit legal protections for social media companies that unfairly suppress free speech.

One of the more interesting data points this week showed personal income rise 10.5% in April (Briefing.com consensus -6.5%), boosted by the stimulus checks authorized by Congress, and the personal savings rate surge to a record 33.0%. What is done with those savings will be key to the recovery trajectory.

U.S. Treasuries posted small gains this week. The 2-yr yield declined two basis points to 0.15%, and the 10-yr yield declined one basis point to 0.65%. The U.S. Dollar Index declined 1.6% to 98.31. WTI crude rose 6.3% (+\$2.08) to \$35.33/bbl.

<b>Index</b>	<b>Started Week</b>	<b>Ended Week</b>	<b>Change</b>	<b>% Change</b>	<b>YTD %</b>
<b>DJIA</b>	24465.16	25383.11	917.95	3.8	-11.1
<b>Nasdaq</b>	9324.59	9489.87	165.28	1.8	5.8
<b>S&amp;P 500</b>	2955.45	3044.31	88.86	3.0	-5.8
<b>Russell 2000</b>	1355.53	1394.04	38.51	2.8	-16.4

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Sentiment

Positive (1.00)

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