

Weekly Wrap

Week in Review: Nasdaq turns positive in 2020 after another week of gains

The stock market returned to its winning ways this week in a broad-based advance led by the mega-cap technology stocks. The Nasdaq Composite led the way with a 6.0% gain that lifted the tech index back into positive territory for the year. The Russell 2000 (+5.5%) was next in line, followed by the S&P 500 (+3.5%) and Dow Jones Industrial Average (+2.6%).

The market was presented with both good and bad news this week, but it was the good news that resonated more with the market as it fueled the reopening/recovery narrative it has been running along with as of late. It didn't care so much for calls that the market has gotten ahead of itself in pricing in the good news or a statement from Warren Buffett that he hasn't found any attractive investment opportunities.

The winners kept winning -

- **Apple (APPL)**, **Microsoft (MSFT)**, **Amazon (AMZN)**, **Alphabet (GOOG)**, and **Facebook (FB)** -- and the rest of the broader market simply followed along. Energy stocks did outperform, though, as oil prices continued to rebound on expectations that reopening the economy will boost demand.

From a sector perspective, the energy sector (+8.3%) advanced the most with an 8% gain, followed by the information technology (+6.6%), consumer discretionary (+4.4%), and communication services (+2.1%) sectors, which contain the aforementioned mega-cap stocks. The utilities (+0.5%) and consumer staples (+0.9%) sectors increased the least.

While the reopening process has had its challenges, many laid-off workers are expressing a similar view held by the stock market that things will get better. For instance, April nonfarm payrolls declined by 20.5 million (Briefing.com consensus -21.0 mln) and the unemployment rate rose to 14.7% (Briefing.com consensus 16.2%), but 78.3% of job losers in April categorized themselves as being on "temporary layoff."

In addition, more companies this week talked about reopening plans and about the improving/stabilizing business conditions, **Moderna (MRNA)**

received FDA approval to proceed to a Phase 2 trial for its COVID-19 vaccine candidate, and weekly initial jobless claims declined by another 677,000 to 3.169 million (Briefing.com consensus 2.900 mln).

Left out of this week's advance were the airline stocks after Warren Buffett said **Berkshire Hathaway (BRK.B)** sold its entire stake in the companies, including **Delta (DAL)**, **United (UAL)**, **American (AAL)**, and **Southwest (LUV)**. While there might have been green shoots elsewhere, this was not one of those places.

The U.S. Treasury yield curve steepened this week. The 2-yr yield declined six basis points to 0.14%, while the 10-yr yield increased four basis points to 0.68%. The U.S. Dollar Index increased 0.7% to 99.78.

Index	Started Week	Ended Week	Change	% Change	YTD %
DJIA	23723.69	24331.32	607.63	2.6	-14.7
Nasdaq	8604.95	9121.32	516.37	6.0	1.7
S&P 500	2830.71	2929.80	99.09	3.5	-9.3
Russell 2000	1260.48	1329.64	69.16	5.5	-20.3

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Sentiment
Positive (1.00)
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