

Weekly Wrap

Week in Review: A rally on Monday leads to four days of consolidation as earnings season begins

The large-cap indices ended the week higher but noticeably lower than where they were at Monday's highs (before earnings season started). The Nasdaq Composite advanced 0.8%, while the S&P 500 (+0.2%) and Dow Jones Industrial Average (+0.1%) eked out smaller gains. The Russell 2000 decreased 0.2%.

There was no clear sector leadership this week with five S&P 500 sectors finishing higher between 0.7% (consumer staples) and 1.1% (industrials). At the other end, the energy (-2.1%) and real estate (-2.3%) sectors declined more than 2.0%, followed by financials (-0.9%).

Growth-oriented stocks, however, did secure the slight advantage, evident by the outperformance of the Nasdaq Composite. That might have been due to the negative-sounding developments throughout the week.

Starting with earnings, the big banks and the top health care companies kicked off the Q3 earnings-reporting season, and the reactions to their reports were generally lackluster or disappointing. **JPMorgan Chase (JPM)**, **Citigroup (C)**, and **Goldman Sachs (GS)** for their part issued cautious-minded commentary about the economic outlook.

In addition, investors had to contend with **Johnson & Johnson (JNJ)** and **Eli Lilly (LLY)** pausing their vaccine/antibody trials, lawmakers reaching an impasse on fiscal stimulus, weekly jobless claims increasing by 53,000 to 898,000 (Briefing.com consensus 830,000), and Europe announcing renewed lockdown measures due to a second wave of the coronavirus.

These events came in the midst of a three-day losing streak in the S&P 500, which was ultimately snapped on Friday after retail sales for September increased more than expected and it was reported that **Pfizer (PFE)** may file for emergency use authorization for its COVID-19 vaccine candidate by the end of November.

It's worth pointing out, however, that the S&P 500 was up as much as 10.6% on Monday from its low on Sept. 24. The benchmark index ended that day with a 1.6% gain, and no progress was made after that. With all these events in mind, it's reasonable to posit that the market may have just needed some time to consolidate those gains.

The 10-yr yield decreased four basis points to 0.74%. The U.S. Dollar Index advanced 0.7% to 93.71. WTI crude futures increased 0.5% to \$40.85/bbl.

Index	Started Week	Ended Week	Change	% Change	YTD %
DJIA	28586.90	28606.31	19.41	0.1	0.2
Nasdaq	11579.94	11671.56	91.62	0.8	30.1
S&P 500	3477.14	3483.81	6.67	0.2	7.8
Russell 2000	1637.55	1633.81	-3.74	-0.2	-2.1

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