

Weekly Wrap

Week in Review: Pfizer-BioNTech vaccine news spurs big gains in value/cyclical/small-cap stocks

This week, money disproportionately flowed into the economically-sensitive stocks on news that the collaborative COVID-19 vaccine from **Pfizer (PFE)** and **BioNTech (BNTX)** was more than 90% effective. The S&P 500 (+2.2%) and Russell 2000 (+6.1%) closed at new record highs with 2% and 6% gains, respectively.

The Dow Jones Industrial Average rose 4.1%. The Nasdaq Composite, however, declined 0.6% amid relative weakness in the mega-cap/growth/stay-at-home stocks.

Briefly, the market remained hopeful that a vaccine will help the economy return to pre-pandemic levels in 2021 and re-instill a sense of normalcy. In addition, Joe Biden being projected as the winner of the presidential election washed out some political uncertainty, although there will be two election runoffs in Georgia on Jan. 5 that will determine if Republicans retain their majority in the Senate.

Notwithstanding the election implications on stimulus, which remained at an impasse this week, the market took the vaccine news as well as one could have hoped. Each of the four major indices set all-time highs, and all 11 S&P 500 sectors closed in positive territory.

The energy sector stood out with an impressive 16.5% weekly gain, followed by solid gains in the financials (+8.3%) and industrials (+5.3%) sectors. On the other hand, the consumer discretionary (-1.1%) and information technology (-0.4%) sectors underperformed amid profit-taking activity in some of the mega-cap stocks.

The market brushed aside record daily coronavirus cases/hospitalizations in the U.S. and a warning from Fed Chair Powell that the economy will be challenging for the next few months. Investors and analysts remained bullish, with Goldman Sachs forecasting the S&P 500 to hit 4300 by the end of 2021.

The 10-yr yield increased seven basis points to 0.89% amid renewed selling pressure.

Index	Started Week	Ended Week	Change	% Change	YTD %
DJIA	28323.40	29479.81	1156.41	4.1	3.3
Nasdaq	11895.23	11829.29	-65.94	-0.6	31.8
S&P 500	3509.44	3585.15	75.71	2.2	11.0
Russell 2000	1644.16	1744.04	99.88	6.1	4.6

Related tickers: None

English: English

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Rank : positive