

Weekly Wrap

Week in Review: Mega-cap technology stocks power Wall Street higher ahead of Q2 earnings

The Nasdaq Composite was where most of the action was this week, as it rose 4.0% and closed at a record high in four of the five trading sessions. The S&P 500 rose a respectable 1.8%, followed by a 1.0% gain in the Dow Jones Industrial Average. The small-cap Russell 2000, however, declined 0.6%.

The S&P 500 consumer discretionary (+4.8%), communication services (+4.7%), and information technology (+2.7%) sectors were largely responsible for the market's advance. Conversely, the energy (-4.6%), real estate (-1.8%), industrials (-1.4%), health care (-0.9%), and utilities (-0.2%) sectors finished lower.

This week's action started with a front-page editorial in one of China's state-run news outlets that suggested a "healthy bull market" was imminent for Chinese stocks. China's Shanghai Composite rose 7.3% this week. On Wall Street, the bull market in mega-cap technology stocks was hard to miss.

Tesla (TSLA) rose 27% in a pure momentum trade. **Apple (AAPL)**, **Microsoft (MSFT)**, **Alphabet (GOOG)**, and **Facebook (FB)** rose between 3-6%. **Amazon (AMZN)** rose 10% -- brushing past reports that **Walmart (WMT)** is planning to launch a competing delivery service this month. WMT shares also gained 10%.

On Friday, many of the mega-cap technology stocks did take a breather, as investors rotated back into cyclical/value stocks following some positive remdesivir news. **Gilead Sciences (GILD)** said new data showed an improvement in severely-ill COVID-19 patients and a 62% reduction in the risk of mortality compared to the standard of care.

In M&A news, Warren Buffett made his first major deal during the pandemic, agreeing to acquire **Dominion Energy's (D)** natural gas assets for \$4 billion in cash and assuming \$5.7 billion in debt. **Uber (UBER)** agreed to acquire Postmates for \$2.65 billion.

U.S. Treasuries finished the week mixed. The 2-yr yield increased one basis point to 0.16%, while the 10-yr yield decreased four basis points to 0.63%. The U.S. Dollar Index declined 0.7% to 96.63. WTI crude increased 0.4% to \$40.57/bbl.

| Index | Started Week | Ended Week | Change | % Change | YTD % |
|--------------|--------------|------------|--------|----------|-------|
| DJIA | 25827.36 | 26075.30 | 247.94 | 1.0 | -8.6 |
| Nasdaq | 10207.63 | 10617.44 | 409.81 | 4.0 | 18.3 |
| S&P 500 | 3130.01 | 3185.04 | 55.03 | 1.8 | -1.4 |
| Russell 2000 | 1431.86 | 1422.68 | -9.18 | -0.6 | -14.7 |

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