

# Weekly Wrap

*Week in Review: Fed provides new inflation policy in record-setting week*

This was the fifth straight weekly gain for the S&P 500 and Nasdaq Composite, which ended the week higher by 3.3% and 3.4%, respectively. Both set new record highs while the Dow Jones Industrial Average turned positive for the year with a 2.6% gain. The Russell 2000 increased 1.7%.

Financial stocks were among the week's biggest winners, benefiting from some curve-steepening activity after Fed Chair Powell outlined a shift towards an average inflation target. Under the new framework, the central bank would allow PCE inflation to run moderately beyond 2.0% over time to make up for years when it ran below 2.0%.

The S&P 500 financials sector rose 4.4%, following closely behind the communication services (+4.8%) and information technology (+4.5%) sectors atop the standings. Only the utilities sector (-0.7%) closed lower.

Sprinkled throughout the week were positive coronavirus updates: the FDA approved emergency use authorization for convalescent plasma in hospitalized COVID-19 patients, **Abbott Labs (ABT)** received emergency use authorization from the FDA for its \$5.00, 15-minute COVID-19 antigen test, and **Moderna (MRNA)** said its COVID-19 vaccine generated a promising immune response in ten elderly patients.

Notably, the latest gauge on consumer confidence offered a pessimistic perspective. The Conference Board's Consumer Confidence Index dropped to 84.8 in August (Briefing.com consensus 93.0) from 91.7 in July for its lowest reading since May 2014. Clearly, investors were more optimistic.

**Microsoft (WMT)** and **Walmart (WMT)** rose more than 6.5% this week, helped by reports that the companies are teaming up to possibly acquire TikTok US. **Facebook (FB)** rose 10.0% in a momentum trade.

Separately, the Dow will look slightly different on Monday. **Salesforce (CRM)**, **Amgen (AMGN)**, and **Honeywell (HON)** will replace **Exxon Mobil (XOM)**, **Pfizer (PFE)**, and **Raytheon Technologies (RTX)** prior to Monday's open. Salesforce gained 30% this week, a bulk of those gains coming after its earnings report.

The 2-yr yield was unchanged at 0.15%, while the 10-yr yield rose nine basis points to 0.73%. The U.S. Dollar Index fell 1.0% to 92.32. WTI crude futures gained 1.6%, or \$0.66, to \$42.97/bbl.

Index	Started Week	Ended Week	Change	% Change	YTD %
DJIA	27930.33	28653.87	723.54	2.6	0.4

Index	Started Week	Ended Week	Change	% Change	YTD %
<b>Nasdaq</b>	11311.80	11695.63	383.83	3.4	30.3
<b>S&amp;P 500</b>	3397.16	3508.01	110.85	3.3	8.6
<b>Russell 2000</b>	1552.39	1578.34	25.95	1.7	-5.4

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