

Weekly Wrap

Week in Review: Market runs into some profit taking

The market's August momentum bled into September to start the week, as the S&P 500 notched its 22nd record close of the year, but profit taking in the mega-caps and growth stocks ultimately took the major indices sharply lower by week's end.

The S&P 500 fell 2.3%, the Nasdaq Composite fell 3.3%, the Dow Jones Industrial Average fell 1.8%, and the Russell 2000 fell 2.7%.

While the profit taking started on Thursday from an index perspective, it really started on Wednesday in **Apple (AAPL)**, **Tesla (TSLA)**, and **Zoom Video (ZM)**. The day before, shares of Zoom surged 40% after crushing earnings expectations.

The top-weighted information technology sector (-4.2%), which was -- and still is -- this year's best-performing sector, was among this week's laggards amid a 6.4% decline in **Microsoft (MSFT)**. The energy sector (-4.5%) declined the most, while the utilities (+0.4%) and materials (+0.8%) sectors were spared.

Granted, there wasn't that much profit to take from the beleaguered energy sector, but it continued to get pounced amid weaker oil prices (\$39.70/bbl, -3.27, -7.6%).

At the end of the week, the encouraging Employment Situation Report for August contributed to the relative outperformance of value/cyclical stocks and some curve-steepening activity. The Russell 1000 Value Index declined 0.3% versus a 3.4% decline for the Russell 1000 Growth index.

Note, the curve-steepening activity on Friday essentially undid the curve-flattening activity from earlier in the week. The 2-yr yield increased one basis point to 0.16%, while the 10-yr yield decreased one basis point to 0.72%. The U.S. Dollar Index advanced 0.5% to 92.79.

The CBOE Volatility Index spiked 33.9% to 30.75, as investors assumed some protection against further weakness in equities. For some context, the S&P 500 ended the week at levels it last traded on August 21.

Index	Started Week	Ended Week	Change	% Change	YTD %
DJIA	28653.87	28133.31	-520.56	-1.8	-1.4
Nasdaq	11695.63	11313.13	-382.50	-3.3	26.1
S&P 500	3508.01	3426.96	-81.05	-2.3	6.1
Russell 2000	1578.34	1535.30	-43.04	-2.7	-8.0

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