



# $\alpha^2$ Capital

Market Recap: Week 1  
(1/1/2020 – 1/7/2020)

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Wednesday 1/1/2020

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~ Stock Markets closed in observance of New Years ~

Stock Markets had an explosive first trading session of 2020, erasing the slight pullback experienced at the end of 2019.

|                        |   |                      |
|------------------------|---|----------------------|
| Dow: 28,869 (+1.20%)   | ● | Oil: 61.17 (-0.68%)  |
| Nasdaq: 9,092 (+1.30%) | ● | Gold: 1,529 (+0.79%) |
| S&P500: 3,258 (+0.80%) | ● | VIX: 12.50 (-7.41%)  |

Semi's controlled the rally in the vital tech sector. While almost all key sectors finished green, we experienced a strong divergence between them. The defensive Utility and Healthcare sectors were hit as global risk assets surged. Technology and Industrials were the big winners of the day, but Services and Financials also performed well thanks to Chinese monetary stimulus. Even though small-caps were relative weak in comparison to the major averages and Treasury yields ticked lower, investors risk appetite still appears strong despite the huge December for equity markets.

Stock Markets began the session red in early trading due to the U.S. airstrike resulting in the death of Iran's top military commander, Qasem Soleimani, but found stability later in the day.



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|------------------------|----------------------|
| Dow: 28,635 (-0.80%)   | Oil: 63.07 (+3.14%)  |
| Nasdaq: 9,021 (-0.80%) | Gold: 1,553 (+1.57%) |
| S&P500: 3,235 (-0.70%) | VIX: 14.03 (+12.24%) |

Compared to the low-volatility of the holiday period, markets experienced a rocky ride Friday with turmoil in global risk-assets and weak manufacturing PMI triggering the largest dip in stocks in over a month. Nonetheless, the major indices finished the week near all time highs. Short interest continues to be near historic lows. The Volatility Index (VIX) spiked above the 15 level in 3 out of 4 sessions this week and hit a 3-week high on Friday. Despite the escalating geopolitical uncertainty, we will be in for a busy week of key economic releases.

Stock Markets rebounded back to near all time highs, in-light-of Friday's sell-off thanks to improved sentiment.



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|------------------------|----------------------|
| Dow: 28,703 (+0.20%)   | Oil: 63.26 (+0.30%)  |
| Nasdaq: 9,071 (+0.60%) | Gold: 1,566 (+0.84%) |
| S&P500: 3,246 (+0.40%) | VIX: 13.83 (-1.43%)  |

The morning session made the appearance that Monday would continue Friday's sell off amid speculation surrounding the consequences of the airstrike before a broad-based intraday rally took place across the indices. Technology and Material sectors led the way higher. Consumer Goods, Real Estate, and Healthcare sectors also finished in the green.

Stock Markets finished lower following a choppy session due to lingering geopolitical fears weighing down the broader market.



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|------------------------|----------------------|
| Dow: 28,583 (-0.40%)   | Oil: 62.25 (-0.96%)  |
| Nasdaq: 9,069 (-0.03%) | Gold: 1,574 (+0.51%) |
| S&P500: 3,238 (-0.30%) | VIX: 13.79 (-0.29%)  |

Semi's continued their time in the spotlight, finishing green. However, almost all key sectors finished red today. ISM manufacturing PMI surpassed expectations at 55 while the Dollar Index hit a new one week high.

After hours, Iran retaliated to the assassination of their military leader by striking a U.S. Iraqi military base, sending index futures spiraling. S&P futures hit as low as -1.6% while Oil and VIX futures surged roughly +5% and +10% respectively.

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