



α^2 Capital

Market Recap: Week 9
(2/26/2020 – 3/3/2020)

Stocks finished mixed and with limited losses in comparison to previous days this week.



Dow: 26,957.59 (-0.45%)	Crude Oil: 48.59 (-2.96%)
Nasdaq: 8,980.78 (+0.17%)	Gold: 1,641.26 (+0.45%)
S&P500: 3,116.39 (-0.38%)	VIX: 27.56 (-1.04%)

The morning session began with a surge across Wall Street before giving back the intraday gains. Throughout the volatile session, there was clear divergence within the sectors. The decreasing price of oil led the energy sector lower as the worst performer. Safe-haven sectors, Utilities and Real Estate, also struggled during the choppy session. Technology held up well with relative strength as it was the only sector to finish the day green. The largest European economy, Germany, pushes to remove the mechanism that limits the countries debt levels.

The sell-off across Wall Street continues for the 6th day as coronavirus fears intensify.



Dow: 25,766.64 (-4.42%)	Crude Oil: 46.29 (-4.73%)
Nasdaq: 8,566.48 (-4.61%)	Gold: 1,644.78 (+0.21%)
S&P500: 2,978.76 (-4.42%)	VIX: 39.16 (+42.09%)

The textbook safe-haven treasuries held their ground well today. The technology heavy Nasdaq lead the way lower as Microsoft (**\$MSFT, -7.15%**) gave a profit warning afterhours Wednesday. Starbucks (**\$SBUX, -2.86%**) announces the reopening of China locations as the number of new cases and deaths decline on mainland China. The opposite effect is occurring in Europe as the number of cases grows dramatically, confirming the spread of the virus. The CDC has still yet to call for an outbreak on U.S. soil; however, there are a few states on high alert.

Friday 2/28/2020

Friday's close registers one of the worst weeks in market history, falling roughly 12% as a mid-day rally prevents indices from continuing downward.



Dow: 25,409.36 (-1.39%)	Crude Oil: 45.24 (-2.27%)
Nasdaq: 8,567.37 (+0.01%)	Gold: 1,584.95 (-3.64%)
S&P500: 2,954.22 (-0.82%)	VIX: 40.11 (+2.43%)

While there was essentially no locations to avoid the market wide sell off, Energy, Airlines, and Tourism were especially weak. In economic news, new home sales and existing home sales were reported as beats; while CB Consumer Confidence missed by a slim margin. The Dow, Nasdaq and S&P 500 all finished the week below their 50-day moving averages, while the Nasdaq shows moderate strength holding its 200-day moving average. As shorts interest continues to accumulate for the second week in a row, we see a shift towards correction territory.

U.S. equity markets have a sharp surge as Dow Jones sets a record daily point increase.



Dow: 26,703.32 (+5.09%)	Crude Oil: 47.51 (+5.02%)
Nasdaq: 8,952.16 (+4.49%)	Gold: 1,588.97 (+0.25%)
S&P500: 3,090.23 (+4.60%)	VIX: 33.42 (-16.68%)

Despite being one of the best single sessions in recent memory, defensive Healthcare and Utilities were the sectors with the best relative strength and outper performance. That said, it was nearly impossible to find a sector within the markets that were not participating in the market wide rally.

Even the most desired global safety play, long dated treasuries, participated in the rally until selling off into the closing bell. If the Coronavirus is to blame for the market wide sell-off, it is hard to justify today's rally since global Coronavirus data continues to increase exponentially; however, today's sentiment and market movement typically suggests a market bottom.

Fed Chair, Jerome Powell, announces an emergency rate cut (0.50%) to stimulate the economy and combat the Coronavirus.



Dow: 25,917.41 (-2.94%)	Crude Oil: 47.02 (-1.03%)
Nasdaq: 8,684.09 (-2.99%)	Gold: 1,640.76 (+3.26%)
S&P500: 3,003.37 (-2.81%)	VIX: 36.82 (+10.17%)

Yields were the focus of investors today as the 10-Year Treasury sunk to a historic low of sub 1% (**US10Y, 0.998%**). The 30-Year yield also sold off to a historic low. The turbulent session across equities was depicted well by the Volatility Index (**\$VIX, +10.17%**) which swung by 16 points intraday. As the search for yield intensifies with the emergency rate cut, the defensive Utilities and Real Estate sectors showed strong relative strength as the clear outperformers. The Dow and S&P 500 finished the day below their 200-day moving averages, while the Nasdaq has yet to close below.

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