

## Stocks Extend Losses as Uncertainty Continues to Grip Investors

Wall Street suffered another down week, as continued uncertainty surrounding economic growth, trade, politics, and the path of interest rates kept many buyers on the sidelines.



Heightened trading volatility also proved effective in keeping buyers sidelined, too, as large intraday swings proved exhausting and off-putting for many participants.

The S&P 500 lost 1.3%, the Dow Jones Industrial Average lost 1.2%, and the Nasdaq Composite lost 0.8%.

Tempering hope that last week's sell-off created a "tradable" bottom was the continued weakness in the Dow Jones Transportation Average (-4.4%), S&P 500 financial sector (-3.5%), and small-cap Russell 2000 (-2.6%) -- all of which play a key role in driving sentiment on the domestic economic outlook. For the month, these groups are down 12.1%, %, and z%, respectively.

Additionally, some cautious-sounding commentary on the economic outlook from European Central Bank President

Draghi, weaker-than-expected industrial production and retail sales data from China, and weaker-than-expected preliminary manufacturing PMI readings out of the eurozone fueled the negative perspective on growth prospects and the specter of downward revisions to earnings estimates.

There were some conciliatory headline developments this week on the trade dispute between the U.S. and China. In particular, high-ranking U.S. and Chinese officials resumed trade discussions over the phone; and China is reportedly looking to tweak its "Made in China 2025" policy to allow more access and fairer competition for foreign companies.

Separately, China confirmed it will temporarily reduce its U.S. auto import tariffs by 25% (to 15% from 40%) between January 1 and March 31, as both sides continue to work on a deal, and President Trump told Reuters he would get involved in the Department of Justice case against Huawei CFO Meng Wanzhou, who was granted bail Tuesday, if it would serve national security interests and help advance trade negotiations with China.

These positive-sounding trade headlines offered some hope of a deal being struck, but

ultimately, the talk wasn't enough to overcome the fundamental concerns about a slowdown in economic growth.

The S&P 500 energy (-3.3%), health care (-1.9%), and real estate (-1.8%) sectors were some of the hardest-hit groups this week.

Johnson & Johnson (JNJ), meanwhile, was one of the hardest-hit stocks. The Dow component plunged 10% on Friday after a Reuters report alleged that JNJ "knew for decades that asbestos lurked in its baby Powder." The company's litigation counsel rejected the Reuters report as "false and misleading," yet the stock nonetheless traded as if investors felt there was some veracity to it.

Energy stocks struggled as oil prices pulled back. WTI crude fell 2.5% this week to \$51.27/bbl.

Not all was bad, though. The S&P 500 information technology (-0.02%) ended the week roughly flat while the communication services (+0.5%) and utility (+0.6%) sectors were able to finish in the green this week.

Recent demand for Treasuries cooled off, giving yields a slight bump. The Fed-sensitive 2-yr yield rose three basis points to 2.73%, and the benchmark 10-yr yield rose four basis points to 2.89%. Meanwhile, the U.S. Dollar Index rose 0.4% to 97.45.

Overseas, UK Prime Minister Theresa May survived a "no-confidence" vote from her own Conservative Party with respect to her leadership. The vote came after she delayed a vote in the House of Commons on the UK-EU Brexit plan. She subsequently attempted to renegotiate the plan in Brussels, yet EU officials said the plan was not open for change

S&P 500 Index is a market index generally considered representative of the stock market as a whole. The index focuses on the large-cap segment of the U.S. equities market. Indices are unmanaged and one cannot invest directly in an index. Each company's security affects the index in proportion to its market value. NASDAQ Composite Index is a market value-weighted index that measures all NASDAQ domestic and non-U.S. based common stocks listed on the NASDAQ stock market. Dow Jones Industrial Average is a widely used indicator of the overall condition of the stock market, a price-weighted average of 30 actively traded blue chip stocks, primarily industrials, but also includes financial, leisure and other service-oriented firms. Data and rates used were indicative of market conditions as of the date shown and compiled by briefing.com. Opinions, estimates, forecasts, and statements of financial market trends are based on current market conditions and are subject to change without notice. References to specific securities, asset classes and financial markets are for illustrative purposes only and do not constitute a solicitation, offer, or recommendation to purchase or sell a security. Past performance is not a guarantee of future results. Russell 2000 Index measures the performance of the smallest 2,000 companies in the Russell 3000 Index of the 3,000 largest U.S. companies in terms of market capitalization. MSCI Emerging Markets Index is a free float-adjusted market capitalization index that is designed to measure equity market performance of emerging markets.

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