

Weekly Advance Masks Bumpy Ride

The S&P 500 added 0.6% for the week. While that is technically true, the slight change masks the fact that the S&P 500 bounced around a 235-point range since last Friday.



Coronavirus-related fears remained top of mind, and the growing focus on new cases in the U.S. and abroad exerted pressure on the market's expectations for growth. The Federal Reserve announced an emergency 50 basis point rate cut on Tuesday, but the fed funds futures market expected another imminent sharp cut the next day. Treasuries charged higher throughout the week, sending the 10-yr yield lower by 42 basis points to 0.71%.

Congress approved \$8.50 billion in emergency spending measures while administration officials hinted at targeted stimulus. However, that did little to improve investor sentiment.

Countercyclical sectors like utilities (+7.9%), consumer staples (+6.2%), health care (+5.0%), and real estate (+4.8%) ended the week in positive territory with health care climbing after Joe Biden won the bulk of primaries on Super Tuesday, seizing the Democratic delegate count lead from Bernie Sanders.

Cyclical sectors bore the brunt of the pressure with energy (-7.3%) and financials (-4.1%) finishing at the bottom of the barrel. The energy sector fell as crude oil slid to its lowest level since mid-2016 in the \$41.00/bbl area. Reports from midweek suggested that OPEC would agree to a significant output cut, but Friday's OPEC meeting failed to produce an agreement.

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