

Stocks Post Best Monthly Gains Since 1987, but Falter Into Week's End

The S&P 500 ended the week with a 0.2% decline, although it had been up as much as 3.9% mid-week in a momentum trade fueled by reopening hopes and COVID-19 therapeutic progress. The Dow Jones Industrial Average (-0.2%) and Nasdaq Composite (-0.3%) posted comparable declines, while the Russell 2000 gained 2.2%.



Sentiment was boosted this week after Gilead Sciences (GILD) confirmed that remdesivir, an antiviral treatment for COVID-19, met its primary endpoint in an NIAID placebo-controlled study. The FDA approved it for emergency use on Friday. With states starting to reopen their economies (18 states as of May 1), the market was hopeful that things could return to normal soon.

The normal as of late, unfortunately, has been an onslaught of weak economic data that has painted a disconnect between the economy and the stock market. Notably, the ISM Manufacturing Index for April declined to its lowest level since 2009; Q1 GDP contracted at a 4.8% annualized rate (Briefing.com consensus -4.3%); and personal spending dropped 7.5% in March (Briefing.com consensus -3.6%).

There has been a prevailing expectation, though, that the data will only get better moving forward. Initial jobless claims, for instance, did decrease by 603,000 to 3.839 million (Briefing.com consensus 3.050 million) for the week ending April 25.

At the same time, central banks remained committed to supporting the financial system. Notable actions this week included the following:

- The Fed unanimously voted to maintain the target range for the fed funds rate at 0.00-0.25%, signaled rates will stay there for much longer, and expanded the scope and eligibility for its Main Street Lending Program.
- The ECB said it will conduct net asset purchases under its EUR750 billion pandemic emergency purchase program through at least the end of the year.
- The Bank of Japan lifted the cap on its JGB bond purchases said it will increase its purchases of corporate bonds and commercial paper.

Ultimately, after an unprecedented rally off the March 23 low, valuation concerns reined in the initial enthusiasm.

Five of the 11 S&P 500 sectors closed lower, while six closed higher in a week that featured earnings reports from Apple (AAPL), Microsoft (MSFT), Amazon (AMZN), Alphabet (GOOG), and Facebook (FB).

The energy sector (+2.9%) saw the biggest weekly advance amid a 16.1% gain in WTI crude futures (\$19.77/bbl, +2.74), while the utilities sector (-4.3%) declined the most.

U.S. Treasuries traded mixed, causing some minor curve-steepening activity. The 2-yr yield was unchanged at 0.20%, while the 10-yr yield increased four basis points to 0.64%. The U.S. Dollar Index declined 1.3% to 99.03.

Past performance is not a guarantee of future results. Indices are unmanaged and one cannot invest directly in an index. Diversification does not guarantee investment returns and does not eliminate the risk of loss.

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. 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. 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. 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.

Park Avenue Securities LLC (PAS) is a wholly-owned subsidiary of The Guardian Life Insurance Company of America (Guardian). PAS is a registered broker/dealer offering competitive investment products, as well as a registered investment advisor offering financial planning and investment advisory services. PAS is a member of FINRA and SIPC.

Provided by Briefing.com