

## Mega-Cap Excellence

After snapping a lengthy winning streak last week, the market returned to its winning ways, and by “market,” we mean the mega-cap stocks. The Vanguard Mega Cap Growth ETF (MGK) rose 2.2%, while the Invesco S&P 500 Equal Weight ETF (RSP) fell 1.2%. fell 1.0%.



The S&P 500 (+0.3%) and Nasdaq Composite (+1.2%), which have more exposure to mega-cap growth, set record closing highs this week. The Dow Jones Industrial Average (-1.4%) and Russell 2000 (-2.9%), which are more exposed to cyclical names, ended the week with 1% and 3% declines, respectively.

The broader market was slowed down by lingering growth concerns after Walmart (WMT) and Target (TGT) said they will absorb inflation pressures to keep prices down, Cisco (CSCO) issued a revenue warning due to ongoing supply issues, and Austria reimposed a COVID lockdown.

In turn, Treasuries pushed higher in a flight-to-safety trade, and oil prices fell 6% amid expectations for softer demand and potentially

increased supply if countries tap into their oil reserves. The 10-yr yield declined four basis points to 1.54%. The U.S. Dollar Index rose 1.0% to 96.03.

From a sector perspective, the consumer discretionary (+3.8%) information technology (+2.4%), and utilities (+0.9%) sectors were the only sectors that closed higher. The energy (-5.2%), financials (-2.8%), materials (-2.0%), and industrials (-1.2%) sectors fell noticeably.

The economic data, meanwhile, was encouraging. Retail sales for October, industrial production and capacity utilization for October, the NAHB Housing Market Index for November, and the Philadelphia Fed Index for November were each better than expected. Weekly jobless claims also showed continued improvement.

In addition, President Biden signed the \$1.2 trillion bipartisan infrastructure bill, the House passed the \$1.75 trillion Build Back Better Act, and a CDC advisory committee recommended in a unanimous vote for all adults to get COVID-19 booster shots from Pfizer (PFE) or Moderna (MRNA) six months after the second dose.

Nevertheless, investors leaned defensively with the market at record highs and continued to bid up shares of the mega-cap companies for their dependable earnings growth. Notably, NVIDIA (NVDA) rose 8.5% after providing pleasing earnings results and guidance.

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. Guardian, its subsidiaries, agents and employees do not provide tax, legal, or accounting advice. Consult your tax, legal, or accounting professional regarding your individual situation.

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.