

Small-Caps Come Alive in Record-Setting Week

Each of the major indices set intraday and closing record highs this week, and none rose more than the small-cap Russell 2000 with its 6.1% gain. The Nasdaq Composite rose 3.1%, the S&P 500 rose 2.0%, and the Dow Jones Industrial Average rose 1.4%.



The animal spirits were in full force, supported not only by a sentimental fear of missing out on further gains but also fundamental factors:

- Fed Chair Powell made it clear the central bank is in no hurry to raise rates after the FOMC announced plans to taper asset purchases by \$15 billion starting this month.
- The October employment report was stronger than expected, featuring 531,000 additions to nonfarm payrolls (Briefing.com consensus 400,000) and a 4.6% unemployment rate (Briefing.com consensus 4.7%).
- Interest rates dropped noticeably amid tempered rate-hike/inflation expectations. Fed Chair Powell said inflation should be less of an issue by the second or third quarter of 2022.

- Pfizer (PFE) said its COVID-19 oral antiviral reduced the risk of hospitalization or death by 89% in interim data.
- Pleasing earnings news from a host of companies, including Qualcomm (QCOM), which catalyzed a 12% gain in NVIDIA (NVDA) in one day.

Nine of the 11 S&P 500 sectors ended the week with gains. The consumer discretionary (+5.0%) rose 5% to a first-place finish, followed by 3% gains in information technology (+3.3%) and materials (+3.2%). The health care (-0.7%) and financials (-0.6%) sectors were the two sectors that closed lower.

Notably, Avis Budget (CAR) was up as much as 218% in 90 minutes in an epic short squeeze after the company beat earnings estimates. The stock eventually cut those gains in half, but the crazy move exemplified the intense spirit of this bull market.

Recapping the moves in the Treasury market, the 2-yr yield dropped ten basis points to 0.39%, and

the 10-yr yield dropped 11 basis points to 1.45%.

WTI crude futures briefly retreated below \$80.00 per barrel after OPEC+ agreed to maintain its current production schedule for December. Oil prices bounced back on Friday but still ended the week lower by 2.7% to \$81.25/bbl.

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.