

Bad Week for the Growth Stocks

The week was shortened in observance of Good Friday, but it was a “Bad Week” for the growth stocks amid upwards pressure in interest rates.



The impact of the growth stocks was reflected in the underperformance of the S&P 500 (-2.1%) and Nasdaq Composite (-2.6%) relative to the Dow Jones Industrial Average (-0.8%) and Russell 2000 (+0.5%).

The small-cap index closed higher, while the S&P 500 fell further below its 200-day moving average (4495) and even closed below its 50-day moving average (4418). The information technology (-3.8%), communication services (-3.0%), health care (-2.9%), and financials (-2.7%) sectors led the retreat.

The declines in the first two sectors were linked to the moves in the Treasury market, where the 10-yr yield rose another 12 basis points to 2.83% despite a return of the peak inflation narrative. That narrative was supported by a

brief, two-day decline in rates following hot CPI and PPI data for March.

The Vanguard Mega Cap Growth ETF (MGK) fell 3.3%, whereas the Invesco S&P 500 Equal Weight ETF (RSP) decreased “just” 0.9%.

The financials sector, in particular, was pressured by an EPS miss from JPMorgan Chase (JPM) and a revenue miss from Wells Fargo (WFC). The other banks, for the most part, reported better-than-expected earnings results with mixed reactions.

There were some positives, though. The materials (+0.7%), industrials (+0.4%), energy (+0.3%), and consumer staples (+0.2%) sectors ended the week in positive territory.

Airline stocks were strong after American Airlines (AAL) raised its Q1 revenue guidance and Delta Air Lines (DAL) supplemented better-than-expected earnings results with upbeat bookings commentary. The U.S. Global Jets ETF (JETS) rallied 8.0% this week.

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.