

Short Week, Sizable Losses

September started on a downbeat note for the stock market.



The major indices all registered sizable decline on this holiday-shortened week. Broad selling activity led the S&P 500 to fall below its 50-day moving average.

The downside bias was related to normal consolidation activity after a big run. This was sparked by fears about a weakening labor market and economic growth prospects. Friday's release of the August Employment Situation report added to the market's emerging fears.

Hiring activity was lighter than expected in August and there were downward revisions to July and June that left employment 86,000 lower for those months than previously reported. The report also showed that the unemployment rate declined slightly and average hourly earnings increased a stronger than expected 0.4% month-over-month.

This week's labor market data included the ADP Employment Change Report for August, which was weaker than expected, and the weekly initial jobless claims report, which was better than expected. Other influential data included the revised Q2 productivity report that showed an upward revision to productivity and a downward revision to unit labor costs, and the ISM Services PMI for August, which was better than expected but little changed from July.

Weakness in the semiconductor space also contributed to the negative bias. The PHLX Semiconductor Index (SOX) dropped 12.2% this week. Broadcom (AVGO) was among the notable names in the space, sliding 15.9% after relatively disappointing guidance that piled onto current fears that the pace of growth is slowing for many richly-valued semiconductor stocks.

The aforementioned price action led the S&P 500 information technology sector to close 7.1% lower on the week. It was the worst performing sector followed by energy (-5.6%), communication services (-5.1%), and materials (-4.8%).

The only sectors to close higher this week were the rate-sensitive real estate sector (+0.2%) and the consumer staples sector (+0.6%).

The 10-yr note yield settled 20 basis points lower at 3.71%. The 2-yr note yield settled 28 basis points lower at 3.65%.

- S&P 500: -4.3% for the week / +13.4% YTD
- Nasdaq Composite: -5.8% for the week / +11.2% YTD
- S&P Midcap 400: -4.9% for the week / +5.7% YTD
- Dow Jones Industrial Average: -2.9% for the week / +7.1% YTD
- Russell 2000: -5.7% for the week / +3.2% YTD

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.