




α^2 Capital

Market Recap: Week 20
(5/13/2020 – 5/19/2020)

The major indices finish the day red for back to back losses.




Dow: 23,247.97 (-2.17%)	Crude Oil: 25.98 (+0.54%)
Nasdaq: 8,863.17 (-1.55%)	Gold: 1,715.21 (+0.79%)
S&P500: 2,820.00 (-1.75%)	VIX: 35.28 (+6.78%)

The VIX surged on fears of the potential for the first substantial pullback from the stimulus fueled rally. In mixed economic news, PPI (Producer Price Index) missed expectations while U.S. oil inventories fell from an increase in demand. From a technical picture, the S&P violated its 21-day exponential moving average, the NASDAQ held its 21 but lost its 8-day exponential moving average, and the Dow lost its 21-day exponential moving average but held its 50-day moving average. Fears of a second wave of COVID-19 cases in Asia continue to send shock waves internationally.

Thursday 5/14/2020

Markets recover after back to back losses despite poor weekly new jobless claims.




Dow: 23,625.34 (+1.62%)	Crude Oil: 28.00 (+7.78%)
Nasdaq: 8,943.72 (+0.91%)	Gold: 1,730.86 (+0.91%)
S&P500: 2,852.50 (+1.15%)	VIX: 32.61 (-7.57%)

The morning session led investors to believe a 3rd sell off day was imminent, however an afternoon rally put the indices finishing the day green. New jobless claims came in just shy of 3 million. This brings the total for the past 2 months to 36.5 million. Financials showed strong relative strength while the Russell 2000 showed relative weakness. Gold also struggled. However, oil finished strong. From a technical perspective, the S&P 500 held the .5 Fibonacci level and regained the 21-day exponential moving average but fell short of regaining the 8 exponential moving average.

Friday 5/15/2020

Markets shake off terrible retail sales numbers to finish the day green.




Dow: 23,685.42 (+0.25%)	Crude Oil: 29.79 (+6.39%)
Nasdaq: 9,014.56 (+0.79%)	Gold: 1,741.00 (+0.59%)
S&P500: 2,863.70 (+0.39%)	VIX: 31.89 (-2.21%)

Retail sales numbers posted one of their worst drops on record. Both headline sales and core sales missed by a land slide, falling by over 15% each. All major indices finish the week in the red despite the minor Friday gains. From a technical picture, the rally for the S&P 500 was not enough to regain the 8-day exponential moving average. The Nasdaq did however close above its 8-day exponential moving average. Short interest did increase this week. The quantity of companies setting new 52-week highs declined as well as the VIX closed the week +13.97%.

Monday 5/18/2020


All major indices surge on Moderna's (\$MRNA, +19.96%) positive vaccine trial results.



Dow: 24,597.37 (+3.85%)	Crude Oil: 32.24 (+8.22%)
Nasdaq: 9,234.83 (+2.44%)	Gold: 1,730.23 (-0.62%)
S&P500: 2,953.91 (+3.15%)	VIX: 29.30 (-8.12%)

The small-cap index, Russell 2000, showed relative strength finishing green +6.10%. Credit spreads narrowed considerable. Oil hit its highest level since March, surging substantially from lows thanks to U.S. consumers demand beginning to pick up and a strong Chinese demand report. The VIX also closed below 30 on a heavy volume day. From a technical picture, the S&P 500 finished the day above the .618 Fibonacci retracement and 8-day exponential moving average. In economic news, the NAHB Housing Market Index beat estimates and the previous month.

A steep late afternoon sell-off leave the indices finishing in the red.



Dow: 24,206.86 (-1.59%)	Crude Oil: 31.85 (-1.21%)
Nasdaq: 9,185.10 (-0.54%)	Gold: 1,744.70 (+0.84%)
S&P500: 2,922.94 (-1.05%)	VIX: 30.53 (+4.20%)

Volatility picked up in the last hour of the trading session, but volume was overall light. Large-cap earnings season is almost wrapped up. Overall, it was a relatively positive first quarter despite the global pandemic. Fed Chair Powell and Treasury Secretary Mnuchin virtually testified in Washington over COVID-19 stimulus, stealing much of the morning's media coverage. Following Powell's 60-minute and testifying statements, it seems negative interest rates are off the table for the U.S. From a technical perspective, all major indices remain above their 50-day moving averages.

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