




α^2 Capital

Market Recap: Week 8
(2/19/2020 – 2/25/2020)

Wednesday 2/19/2020

Stocks rally sending the S&P 500 and Nasdaq to all-time-highs as domestic equities continue to shrug off Coronavirus fears.




Dow: 29,348.03 (+0.40%)	Crude Oil: 53.53 (+2.82%)
Nasdaq: 9,817.18 (+0.87%)	Gold: 1,611.91 (+0.64%)
S&P500: 3,386.15 (+0.47%)	VIX: 14.38 (-3.03%)

Industrials lagged the broader market today while the second-best performing sector YTD, Utilities, also struggled after three bullish days. Technology, the best performing sector YTD stole the show with the best relative strength and outperformed the broader market. Energy was also boosted as Crude Oil continues to increase. Communication Services, Financials and Healthcare also performed well today. Treasury yields experienced a sell off after the Federal Open Market Committee meeting stated the Fed's interest rates were appropriate at current levels; however the bond market seems to disagree by the yield sell off and expect further cuts this year.

Thursday 2/20/2020

China sneezes and everyone catches their nasty cold – the coronavirus rears its ugly head again.




Dow: 29,219.98 (-0.44%)	Crude Oil: 53.72 (+0.35%)
Nasdaq: 9,750.96 (-0.67%)	Gold: 1,619.67 (+0.48%)
S&P500: 3,273.23 (-0.38%)	VIX: 15.52 (+7.93%)

The morning session was bright red and experienced an afternoon recovery finishing the day still in the red. Real Estate and Utilities showed the greatest relative strength finishing in the green and outperformed; as did Materials, Financials, Consumer Staples and Discretionary. Technology led the way down with the sharpest decline as healthcare also showed weakness. Gold set another 7-year high. Essential economic releases from the week were nearly perfect – from a decrease in crude oil inventories to Philly Fed Index beat.

Friday 2/21/2020

U.S. stocks slide as coronavirus continues to carry negative weight on global markets.




Dow: 28,992.41 (-0.78%)	Crude Oil: 53.29 (-0.80%)
Nasdaq: 9,576.59 (-1.79%)	Gold: 1,643.90 (+1.50%)
S&P500: 3,337.75 (-1.05%)	VIX: 17.50 (+12.47%)

As major indexes finish the week red, the S&P 500 tests the 21-day moving average as a major level of support. As equity markets further their consolidation due to the virus worries, the spread between the three major indexes (Dow, Nasdaq, S&P 500) narrows showing a more fair-valued market.

Monday 2/24/2020

U.S. markets experience a severe sell-off surrounding the Coronavirus and lost YTD gains.




Dow: 27,960.80 (-3.56%)	Crude Oil: 51.29 (-3.75%)
Nasdaq: 9,221.28 (-3.71%)	Gold: 1659.77 (+0.97%)
S&P500: 3,225.89 (-3.35%)	VIX: 24.98 (+46.25%)

The Volatility Index (VIX), commonly referred to as the fear gauge, spiked by nearly 50% today and is a clear indication of the fear surrounding the possible Coronavirus epidemic that has made its way to Europe. There were no areas to hide out during the steep decline as the Dow declined over 1,000 points intraday. Energy, Airlines and Semi's were beat up the most today. Even defensive Utilities were red during the sharp decline. Treasuries did however see inflows as the 10-year Treasury yield hit historic lows [1.337%].

Tuesday 2/25/2020

Major stock markets continue their fourth straight sell off day as the VIX continues to surge.



Dow: 27,081.36 (-3.15%)	Crude Oil: 50.06 (-2.40%)
Nasdaq: 8,965.61 (-2.77%)	Gold: 1,634.77 (-1.51%)
S&P500: 3,128.21 (-3.03%)	VIX: 27.85 (+11.27%)

After market close, Bob Iger, CEO of Disney (\$DIS) stepped down and will remain in charge of the media giant through the end of the year before assuming the role of Chairman of the Board of Directors. Co-CEO Salesforce (\$CRM), Keith Block, stepped down as well; Marc Benioff will assume the position of sole CEO. Like yesterday, there were no individual sectors within the market to avoid day two of the extreme decline – Utilities and Real Estate did show relative strength in comparison to other sectors. The next level of institutional support is the 200-day-sma and 50-week-sma - just below the 3,100 level on the S&P 500. While the short-term technical picture is no longer intact, the long-term technical picture is still intact.

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