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Weekly Market Performance – September 11, 2020: Rocky September Start for the Markets

Posted by [lplresearch](#)

Market Blog

Index Performance

S&P 500 Index: -2.4%

Dow Jones Industrial Average: -1.7%

Nasdaq Composite: -4.0%

US and International Equities

During this shortened trading week, the equity markets sold off following a strong summer advance. While continued losses in the technology sector stole most of the headlines, the energy sector was the biggest decliner, posting a loss of over 6% this week, while materials was the only sector in the green. Large value outperformed large growth, despite absolute losses for both styles. Small caps gave back less than 2% for the week.

International equities posted mixed results with the developed international market, positive for the week, as denoted by the MSCI EAFE. Emerging market equities, tracked by the MSCI EM, finished lower.

The S&P 500 Index and Nasdaq both made new all-time highs on Wednesday, September 2, but the next five days were another story. The S&P 500 was down 6.7%, for the worst five-day string since March 20. This also was the worst five-day return after making a new all-time high since an 8% drop in February 2020. Prior to 2020, the last time the S&P 500 fell more than 6% after new highs was October 1989. This recent drop took place above the 50-day moving average, for the worst five-day drop from new highs above this trend line since December 1928.

“What a rollercoaster of a week! The bottom line is stocks probably got ahead of themselves in the near term and some type of correction or consolidation was needed,” explained LPL Financial Chief Market Strategist Ryan Detrick. “But the good news is the economy continues to surprise to the upside, and we’d be using any weakness to add to equity exposure.”

Fixed Income, Currencies, and Commodities

Fixed income markets were quiet during the shortened week, as the yield on the 10-year Treasury moved slightly lower. Commodities were broadly mixed this week. Gold and silver finished near flat, while crude oil prices fell an additional 5% on the heels of last week’s 7.4% drop. The US dollar strengthened modestly for the week, primarily against the British pound, which suffered its worst week since late-March. We provided an update on Brexit this week on the [LPL Research blog](#).

US Economic Data Recap

There appears to be increasing pessimism in Washington concerning a fifth round of COVID-19 stimulus being approved before the November election. A pared down Senate Republican proposal that included approximately \$500 billion in new aid was blocked this week. Both houses in Congress agreed on a second round of \$1,200 stimulus checks, but with the blocking of this latest proposal, many are wondering if consensus on a new proposal can be achieved.

Filings for initial jobless claims came in at 884,000 for the week ending September 5, above expectations (850,000 per Bloomberg) and flat week over week (source: US Department of Labor). Continuing claims for the week ending August 29 (reported with a one-week lag) also disappointed, coming in at 13.4 million, above Bloomberg’s consensus of 12.9 million, and up marginally over the prior week. The job

recovery still has a ways to go with claims above pre-pandemic record highs and a path that has become tougher as stimulus fades.

August Consumer Price Index (CPI) and Producer Price Index (PPI) both came in ahead of consensus this week. The 1.3% year-over-year rate in CPI edged out July's report of 1%. Gasoline, used cars and trucks, apparel, and COVID-19-related sectors showed strength.

Looking Ahead

Next week, the following economic data is slated to be released:

- On Tuesday, data on August's export and import prices along with last month's manufacturing production will be published.
- Wednesday is all about August retail sales, July's business inventories, along with September's National Association of Homebuilders Index.
- Thursday provides investors another anticipated weekly initial unemployment claims report. Moreover, August's housing starts and building permits will be announced.
- Friday wraps up the week with Q2 current accounts along with September's Michigan sentiment.

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