LPL RESEARCH

WEEKLY MARKET PERFORMANCE

March 6 2020

WILD WEEK

Jeffrey Buchbinder, CFA, *Equity Strategist, LPL Financial*
Scott Brown, CMT, *Analyst, LPL Financial*

EQUITIES

Data as of: 03/06/2020

Index	Price	WTD%	QTD%	YTD%
DJIA	25864.78	1.79	-9.37	-9.37
S&P 500	2972.37	0.61	-8.00	-8.00
Nasdaq	8575.62	0.10	-4.42	-4.42
Russell 2000	1449.22	-1.84	-13.14	-13.14
Russell 1000 Growth	1698.90	0.91	-4.05	-4.05
Russell 1000 Value	1184.05	-0.16	-12.14	-12.14
Comm. Services	168.93	-1.35	-7.00	-7.00
Cons. Disc.	908.30	-0.82	-7.91	-7.91
Cons. Staples	632.29	6.23	-2.27	-2.27
Energy	318.64	-7.25	-30.19	-30.19
Financial Svcs.	422.74	-4.08	-17.34	-17.34
Health Care	1129.02	4.96	-4.98	-4.98
Industrials	608.40	-1.62	-11.52	-11.52
Info. Tech.	1557.93	0.56	-3.30	-3.30
Materials	335.02	1.32	-13.17	-13.17
Real Estate	238.52	4.75	-0.75	-0.75
Utilities	338.78	7.94	3.17	3.17
MSCI EAFE*	1856.73	2.72	-8.52	-8.52
MSCI EM*	1039.34	3.40	-6.62	-6.62

* MSCI EAFE and MSCI EM values as of: 03/05/2020

- **U.S. stocks** ended the first week of March slightly higher, but the path to get there was extremely volatile. The first four days of the week saw the **S&P 500 Index** move at least 2.9% each day amid heightened fears around the coronavirus and increasing U.S. recession odds. The boost to investor sentiment from the Federal Reserve's (Fed) emergency rate cut on March 3 was short-lived.
- The **Dow Industrials** held up best among the four major U.S. stock indexes we track, while the small cap **Russell 2000 Index** fared the worst. Growth style held up better than value. Sector dispersion was high as defensive and interest-rate sensitive sectors delivered solid gains, led by consumer staples and utilities, while cyclical sectors, led by energy, suffered mostly losses.
- This week's **U.S. economic data** was good overall, but it did not reflect outbreak-related disruptions due to the timing of the data collection. The Institute for Supply Management (ISM) Purchasing Managers' Index (PMI) for manufacturing remained in expansionary territory at 50.1, while reflecting some supply chain disruptions. The ISM for services jumped nearly 2 points to 57.3. At 273,000, many more jobs were created in February than expected.
- **Developed international** and **emerging markets** gained ground and outperformed the United States. The MSCI EAFE and MSCI Emerging Markets (EM) indexes returned 2.7% and 3.4%, respectively, through Thursday. Based on MSCI country indexes, the United Kingdom (UK) and Swiss markets were standout performers on the upside among developed markets. Despite significant virus impact, strong gains in China and Korea paced emerging markets. U.S. dollar weakness was supportive.

WMP

FIXED INCOME, CURRENCIES, & COMMODITIES

Data as of: 03/06/20

Yield	Latest	EOW	EOQ	EOY
90 Day UST	0.48	1.27	1.55	1.55
2 Yr UST	0.52	0.86	1.58	1.58
10 Yr UST	0.79	1.13	1.92	1.92
30 Yr UST	1.31	1.65	2.39	2.39

		% Return		
Fixed Income*	Yield	WTD	QTD	YTD
US Agg	1.52	0.84	4.63	4.63
US Agg Govt.	0.87	1.11	6.33	6.33
US TIPS	1.06	1.06	4.61	4.61
Munis	1.29	-0.13	2.97	2.97
HY Munis	3.36	-0.37	4.23	4.23
Inv. Grade	2.30	1.02	4.77	4.77
High Yield	6.33	0.87	-0.53	-0.53
MBS	1.72	0.24	1.99	1.99
Global Agg	0.97	1.32	3.30	3.30
Intl. Treasuries	0.25	0.26	3.37	3.37
JPM EMBI	4.70	2.16	3.58	3.58

Currencies &		% Change		
Commodities	Price	WTD	QTD	YTD
US Dollar	96.02	-2.15	-0.38	-0.38
EUR/USD	1.13	2.57	0.83	0.83
USD/JPY	105.36	-2.50	-2.99	-2.99
WTI Oil	41.58	-7.10	-31.90	-31.90
Gold	1674	6.87	9.93	9.93
Copper	2.56	0.59	-8.65	-8.65

*Data as of: 03/05/2020

The yield presented refers to the corresponding index except for the U.S. Treasury (UST) data, which is of individual Treasury note securities and not an index. The Currency and Commodity data presented are quotes of the exchange rate. This data is from FactSet.

- High-quality **fixed income** benefited diversified investors again this week, as fears over the coronavirus drove the 10-year Treasury yield to its lowest level ever, well below 1%. Even more notably, the Fed surprised investors with an emergency 50 basis point (0.5%) rate cute, the first unscheduled rate change since the 2008 financial crisis. Still, markets continue to price in more rate cuts, even as soon as the upcoming Fed meeting March 17–18. Credit-sensitive sectors underperformed for the third consecutive week, as both investment-grade and high-yield spreads widened to their highest levels since January 2019.
- **Oil** prices ended lower after OPEC and Russia failed to agree to supply cuts. Meanwhile **gold** resumed higher, posting its biggest weekly gain since October 2011. **Copper** was surprisingly resilient given market volatility, remaining above its lows from early February. Finally, the **U.S. dollar** sold off sharply for the second consecutive week, as the decline in yields reduced the allure of U.S. debt.
- **N**ext week's **U.S. economic calendar** includes consumer price inflation (CPI) on Tuesday followed by producer price inflation (PPI) on Wednesday. Later in the week, the University of Michigan Sentiment survey will be closely watched, as it will provide one of the first readings of consumer sentiment since coronavirus fears began to intensify in the United States.
- **Internationally**, Japan is expected to report a contraction in gross domestic product (GDP) on Monday, while the UK and Eurozone will report industrial production numbers for January later in the week.

IMPORTANT DISCLOSURES

This material is for general information only and is not intended to provide specific advice or recommendations for any individual. There is no assurance that the views or strategies discussed are suitable for all investors or will yield positive outcomes. Investing involves risks including possible loss of principal. Any economic forecasts set forth may not develop as predicted and are subject to change.

References to markets, asset classes, and sectors are generally regarding the corresponding market index. Indexes are unmanaged statistical composites and cannot be invested into directly. Index performance is not indicative of the performance of any investment and do not reflect fees, expenses, or sales charges. All performance referenced is historical and is no guarantee of future results.
Because of its narrow focus, specialty sector investing, such as healthcare, financials, or energy, will be subject to greater volatility than investing more broadly across many sectors and companies.

U.S. Treasuries may be considered "safe haven" investments but do carry some degree of risk including interest rate, credit, and market risk. Bonds are subject to market and interest rate risk if sold prior to maturity. Bond values will decline as interest rates rise and bonds are subject to availability and change in price.

All information is believed to be from reliable sources; however, LPL Financial makes no representation as to its completeness or accuracy.

For a list of descriptions of the indexes referenced in this publication, please visit our website at lplresearch.com/definitions.