Weekly Market Review

By: Joe Clark, CFA, Allegheny Research Team

The Week Ending September 25, 2020

The S&P 500 Index finished the week in negative territory amid the potential resurgence of COVID-19 in the U.S. and uncertainty surrounding the additional fiscal stimulus. This marked the fourth consecutive week of losses for the S&P 500 Index. However, the Nasdaq Composite bucked the trend and finished the week higher after a technology rally Friday afternoon erased losses.

COVID-19 fears have always been on the back of investors' minds but maybe not as much as the original outbreak last March. Last week might have been a turning point when United Kingdom Prime Minister Boris Johnson announced he was reinstating some of the lockdown provisions put in place during the quarantine period last Spring. While there are no concerns at the moment that the U.S. will be reentering a lockdown phase, this is a reminder of the continued uncertainty around COVID-19 and its impact on the stock market.

Technology stocks have been the story of 2020, leading the stock market's rebound from the March lows, and recently, dragging the market down for this current four-week stretch. The sector's rebound at the end of last week suggests recent volatility is more than likely traders taking profits from the stocks' exponential rise over the past six months, rather than a fundamental change in the sector. This leads to confidence in technology going forward, especially as the work-from-home theme continues and the need for technological innovation increases.

While technology might be regaining its upward momentum, uncertainty remains around the future of fiscal stimulus. Federal Reserve Chairperson Jerome Powell continues to warn of the need for an additional relief bill and the challenges that could lie ahead for the economic recovery. The jobs market continues to be one of the leading factors to the pace of the economic recovery. Jobs growth looked strong through the summer, but weekly jobless claims have been causing some concerns in recent weeks. Friday will provide us with the latest look at the jobs picture and indicate if there is a weakness in the recovery. Either way, all eyes will be on Washington D.C. for at least the next month.

As we approach the presidential election, uncertainty, and therefore volatility, is expected to increase. While politics can cause short-term noise, over the long term the stock market does not care who the president is. Company fundamentals drive stock performance over the long-term. In times of heightened uncertainty, it is essential to trust your financial plan, tune out the noise, and remember your long-term goals.

Allegheny Financial Group · Allegheny Investments

811 Camp Horne Road, Suite 100 • Pittsburgh, PA 15237
Ph: 412.367.3880 • Fax: 412.367.8353
alleghenyfinancial.com • alleghenyinvestments.com