

# Dow Finishes 114 Points Higher, US Stocks Post 2-Day Loss Streak, As Investors Wait For Recovery Progress

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Major U.S. stock indexes ended higher on Monday, as investors watched lawmakers haggle over a coronavirus rescue package and prepare for the busiest week of the earnings season.

The major benchmarks ended slightly lower on Friday, leaving the Dow with a weekly loss of 0.8%, while the S&P 500 was down 0.3% for the week. The Nasdaq lost 1.3% in a week in which previously high-tech stocks suffered from selling pressure.

What drove the market?

Investors were buying tech stocks on Monday, while keeping an eye on progress in Washington on a second major U.S. spending plan, a series of geopolitical concerns, and rising COVID-19 cases and deaths in the United States.

“It’s a tech day,” said Donald Townswick, director of equity strategies at Conning, in an interview, adding that he expects high-tech stocks to stay up in the air and “keep going. dominate for the reasons they have ”including their ability to deliver top-notch growth unlike most other companies during the pandemic.

Senate Republicans were also due to unveil their plans to provide additional coronavirus aid on Monday, following disagreements between them and the White House over the proposal, according to reports.

However, Republican plans to tackle the legislation in a piecemeal approach remain strongly opposed by Democrats. The talks come as a provision that provides an additional \$ 600 per week in unemployment benefits to more than 32 million unemployed Americans expiring at the end of the month.

“There are very good arguments for further fiscal stimulus. Both sides of the political aisle want to get something, ”said Talley Leger, senior investment strategist for Invesco, in an interview.

He noted that the high-frequency movement of tracking data on Americans' buying habits and restaurant reservations had stagnated in several states, suggesting that the upturn in US economic activity during the pandemic was at risk of collapsing. .

US-Chinese tensions simmered, as the United States closed its consulate in the western Chinese city of Chengdu, at Beijing's request, in retaliation against Washington for ordering the closure of the Chinese consulate in Houston.

"The markets are fairly calm today, while continuing their bullish momentum earlier in the month," Charlie Ripley, senior investment strategist at Allianz Investment Management in Minneapolis, said in an interview. But he also sees "a tremendous amount of uncertainty in the market," including around "high expectations" for technology benefits.

CEOs of the four companies will appear at Congressional hearings on Wednesday to answer questions about their business practices.

As of the end of last week, companies accounting for 30.5% of the S&P 500 market value had released second quarter results, with profits beating expectations by 13.7% overall, with 79% of companies beating expectations. reduced estimates, said Jonathan Golub, head of US equities. strategist at Credit Suisse, in a note.

Price action, however, was more subdued than normal, he wrote, with companies outperforming both revenue and profits outperforming the market by 1.2% from a historic average of 1.6. %. Companies absent from the two measures were only 0.7% behind the historical average of 3.1%.

On the economic front, orders for durable goods in June climbed 7.3% and orders less transportation rose 3.3%, as orders for basic capital goods saw a similar increase.

The Federal Reserve will conclude its two-day political meeting on Wednesday. Investors generally don't expect the central bank to make any big announcements, but look to President Jerome Powell to maintain an accommodating tone.

Powell's remarks could also resonate on Capitol Hill as negotiations for a coronavirus bailout continue, **Bernard Baumohl**, chief world economist for the Economic Outlook Group, said in a note.

"If the Fed chairman insists on the urgent need for fiscal policy to address the growing economic divide in this country caused by the recession caused by COVID, it will be difficult for those on Capitol Hill to ignore it," he declared.

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