

Stock Market's Q2 Performance Historically Strong July 1, 2020



The stock market was mixed Wednesday. The S&P 500 rose 16 points, or 0.50% to close at 3115 while the Dow Jones Industrial Average fell 77 points, or -0.30% to close at 25735. The Nasdaq Composite gained 96 points, or 0.95%, closing at 10154, (a record) and the Russell 2000 decreased 14 points, or -0.95% to close at 1427.

After finishing the June 30, 2020 quarter in record fashion, the stock market meandered through Wednesday's session. The blue chip Dow Jones index was lower even though one of its index stocks, Pfizer reported positive results on its coronavirus vaccine trials.

The stock market's June 30, 2020 quarter numbers were remarkably strong. Timing is everything, and while we began the second quarter close to the market bottom (and were due for a bounce) the numbers are impressive nonetheless (according to Yahoo Finance):

- S&P 500 index finished June up 1.84% for its third straight positive monthly gain.
- S&P 500 index closed the quarter up 19.95% for its best quarter since Q4 1998.
- S&P 500 index remains down 4.04% year-to-date.
- Dow Jones Industrial Average finished June up 1.69% for its third straight positive monthly gain.
- Dow Jones Industrial Average closed the quarter up 17.77% for its best quarter since Q1 1987.
- Dow Jones Industrial Average remains down 9.55% year-to-date.
- Nasdaq Composite finished June up 5.99% for its third straight positive monthly gain.
- Nasdaq composite closed the quarter up 30.63% for its best quarter since Q4 1999
- Nasdaq Composite is up 12.11% year-to-date.

While the country is recording record high new Covid-19 cases, again, the market seemed to be focused more on government stimulus than coronavirus counts today. Treasury Secretary Mnuchin testified before Congress on Tuesday and asserted that the economy is in strong position to recover from coronavirus. Specifically, he testified that.... "the PPP [Personal Paycheck Protection] program is keeping tens of millions of workers connected to their jobs and that economic impact payments are also helping millions of families and workers through these challenging times". Secretary Mnuchin also signaled that the government would be approving more stimulus funding by the end of July. This coincides with the conclusion of the unemployment bonus of \$600 per month that ends July 31, 2020. The new stimulus may take the form of a "back to work bonus".

Speaking of jobs, the labor department will report on Thursday the jobs report for June. According to a Reuters survey of economists, nonfarm payrolls likely increased by 3.0 million jobs in June which would be the most since the government started keeping records in 1939. This, on top of the surprisingly strong May jobs report of 2.5 million new jobs. If tomorrow's report matches expectations, then we would view that as strong evidence that Secretary Mnuchin is correct and that workers are maintaining ties to their employers.

