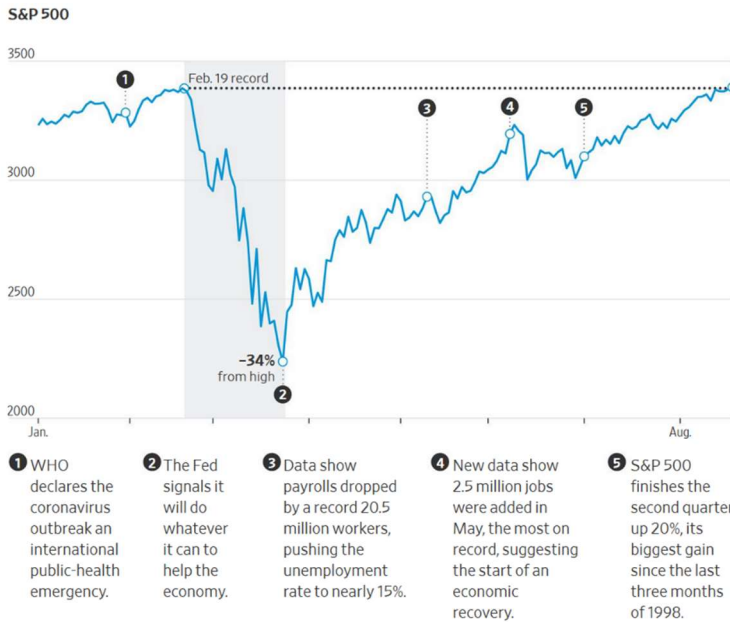


S&P 500 Sets a Record August 18, 2020



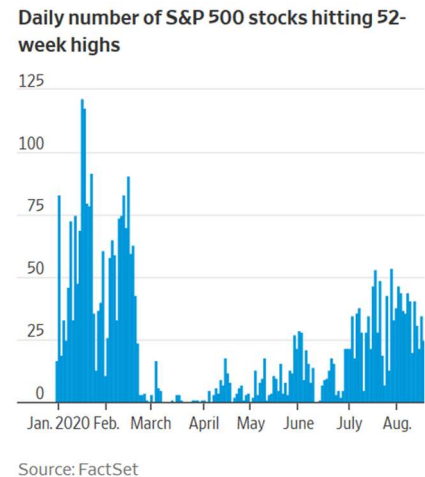
Tuesday's stock market was historic. The S&P 500 gained 8 points, or 0.23% closing at 3,390 – the highest level ever and topping the pre-pandemic record close on February 19, 2020. The Dow Jones Industrial Average fell 67 points, or -0.24% to close at 27,778. The Nasdaq Composite finished positive, rising a strong 81 points, or 0.73%, and closing at 11,210. Finally, the Russell 2000 dropped 16 points, or -0.99% to close at 1,570.



While the technology heavy Nasdaq Composite has long since surpassed the February pre-pandemic record close, the broader based S&P 500 had not until today. Over the past few sessions, the S&P 500 attempted to set the record but failed until today when it inched over the top. The technical are not impressive, the index barely set the new high, as opposed to blowing past the previous record. Other indexes like the Dow Jones Industrial Average did not confirm the new high with one of its own, in fact it sold off on the day.

However, what is impressive, is that it took just 126 trading days for the S&P 500 to recapture the level the index was trading at on February 19, 2020. That is the fastest recovery from a bear market on record!!!

All sectors have rebounded to some degree, but it has been disproportionate. The technology sector has jumped robustly with many stocks generating remarkable returns for the year. In contrast, other beaten down sectors, still sit well below their February peak. In fact, most of the sectors have not reclaimed their prior ground. The S&P 500 is a market capitalization weighted index – which means that the bigger companies like Apple Computer have a larger impact on the index performance than the smaller companies (Apple, Microsoft, Alphabet Facebook and Amazon comprise 25% of the index). If you calculated the S&P 500 index by giving each of the 500 companies an equal weight in the index, then the index would still be about 8 percent below its pre-pandemic peak. This is evidence of the narrowness of this advance – a few companies that are doing extremely well are pulling the index higher, but the average stock is still mending.



The narrowness of the advance, notwithstanding, on March 23rd when the S&P 500 hit bottom, no one would have expected to see the S&P 500 index set a new milestone a mere six months later. The stock market is a remarkably resilient animal. Bear markets happen, but thankfully, so do recoveries.