

Weekly Wrap

Week in Review: Risk Assets in Favor as Fed Remains Sidelined

The S&P 500 gained 2.9% this week in a buy-the-dip trade that was supported by a sidelined Federal Reserve, persistently low U.S. Treasury yields, and a weakening dollar. In addition, key leadership from **Apple** (AAPL) and semiconductor stocks helped the S&P 500 set a new high for 2019 and close at its highest level since Oct. 10.

The Dow Jones Industrial Average gained 1.6%, Nasdaq Composite gained 3.8%, and the Russell 2000 gained 2.1%.

10 of the 11 S&P 500 sectors finished notably higher with gains ranging from 1.8% (utilities) to 4.9% (information technology). The industrials sector underperformed with a gain 0.3%.

Fed Chair Jerome Powell set the tone for the week after he reiterated the Fed's patient stance in an interview with *60 Minutes* on Sunday. Although not "new" news for the market, reassurance from the Fed, along with talk of policy support in China and actual policy support in Japan later in the week, helped soothe fears about slowing growth.

Soft economic data throughout the week contributed to the belief the Fed will stay put, which helped keep U.S. Treasury yields at persistently low levels.

The 2-yr yield remained unchanged at 2.44%, and the 10-yr yield declined four basis points to 2.59% -- both near their lows for the year. The lower rates, along with a patient Fed, remained a supportive consideration for risk assets.

Similarly, investors seemed to like the idea that a weakening dollar, should it persist, could provide some earnings-based relief for multinational companies. The U.S. Dollar Index lost 0.8% to 96.56.

Positive analyst coverage on Apple contributed to the stock's 7.6% gain this week. Separately, the Philadelphia Semiconductor Index, which was aided by **Broadcom's** (AVGO) call that the industry will hit bottom in the second quarter, jumped 5.6%. Many of its components also helped contribute to the outperformance of the tech sector and the Nasdaq.

In key corporate news, **Boeing** (BA) and **Facebook** (FB) were under pressure amid some company-specific issues.

Boeing was under public scrutiny following the fatal crash involving its 737 MAX-8 in Ethiopia. Concerns about the safety of the aircraft prompted the forced grounding of its 737 MAX fleet; Boeing announced it will roll out a software upgrade for the plane in the coming

weeks. Shares of Boeing fell 10.3% this week, weighing heavily on the Dow and S&P 500 industrials sector.

In Facebook's case, *The New York Times* reported the company is under criminal investigation for some of its data deals that it arranged with tech companies. In addition, Facebook announced the departure of its chief product officer.

Elsewhere, UK Prime Minister May's plan for Brexit did not win approval in the British Parliament, yet Parliament did vote in favor of extending the Brexit deadline until June 30 at the latest. Lawmakers still need to agree on an alternate deal, and the delay still needs to be approved by all 27 member states of the European Union.

Index	Started Week	Ended Week	Change	% Change	YTD %
DJIA	25450.24	25848.87	398.63	1.6	10.8
Nasdaq	7408.14	7688.53	280.39	3.8	15.9
S&P 500	2743.07	2822.48	79.41	2.9	12.6
Russell 2000	1521.88	1553.54	31.66	2.1	15.2

Copyright (C) 2019 Briefing.com

Related tickers: None

All News: All News

Weekly Wrap: Weekly Wrap

Rank : positive