

Weekly Wrap

Week in Review: Investors Look Past Growth Worries, Wall Street Mounts Historic Quarter

The S&P 500 bounced back this week, gaining 1.2% to cap off its best quarter (+13.1%) since 2009. Leadership from the recently-battered industrial sector (+2.9%) helped the market overcome lingering growth concerns.

The Dow Jones Industrial Average (+1.7%), the Nasdaq Composite (+1.1%), and the Russell 2000 (+2.3%) finished with quarterly gains of 11.2%, 16.5%, and 14.2%, respectively.

The S&P 500 industrials (+2.9%), consumer discretionary (+1.9%), and consumer staples (+1.6%) sectors led the broader market higher. Conversely, the utilities (-0.5%) and communication services (-0.5%) sectors were the lone groups to finish with losses.

Continued weakness in the eurozone contributed to a slow start for the broader market. Burgeoning concerns about growth sent the yield on the benchmark 10-yr German bund into negative territory. Dwindling growth expectations, and the hunt for yields, likely sent investors flocking to the U.S. Treasury market, sending yields even lower.

The 2-yr yield and the 10-yr yield declined five basis points each to 2.27% and 2.41%, respectively. Strikingly, the 2-yr yield dropped 23 basis points this month, while the 10-yr yield dropped 30 basis points this month. The U.S. Dollar Index advanced 0.6% to 97.27.

It should be noted, though, that the 2-yr yield was at 2.16% at its low, and the 10-yr yield was at 2.34% at its low this week. Once Treasuries cooled off in the back half of the week, equities tacked on a bulk of their gains.

The relatively low yields appear to be helping the U.S. housing market, which should offer a measure of support for the economy. Mortgage applications continued to increase, new home sales increased last month, and homebuilders **KB Home**(KBH) and **Lennar** (LEN) provided investors with an upbeat outlook for the sector.

In other key news, U.S. and China held "constructive" trade talks in Beijing; UK Prime Minister Theresa May's Brexit deal was shut down for the third time; and Fed Governor Randal Quarles believes further rate hikes may be necessary, as he remains optimistic about economic growth.

Separately, **Uber Technologies** (UBER), **Centene** (CNC), and **Thermo Fisher** (TMO) were some of the more notable companies that made sizable acquisitions this week. **Lyft** (LYFT), meanwhile, made its highly-anticipated market debut on Friday.

Index	Started Week	Ended Week	Change	% Change	YTD %
DJIA	25502.32	25928.68	426.36	1.7	11.2

Nasdaq	7642.67	7729.32	86.65	1.1	16.5
S&P 500	2800.71	2834.40	33.69	1.2	13.1
Russell 2000	1505.92	1539.74	33.82	2.2	14.2

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