

# Weekly Wrap

## *Week in Review: Stock Rally Carries Over into Second Quarter*

The S&P 500 gained 2.1% to start the second quarter this week, extending its winning streak to seven straight sessions and setting a new closing high for the year. Investor sentiment was boosted by positive manufacturing data, progressing U.S.-China trade talks, and a Goldilocks Employment Situation Report for March.

The Dow Jones Industrial Average gained 1.9%, the Nasdaq Composite gained 2.7%, and the Russell 2000 gained 2.8%.

The S&P 500 materials (+4.3%), financials (+3.3%), and consumer discretionary (+3.2%) sectors led the broader market higher. Conversely, the defensive-oriented consumer staples (-1.0%) and utilities (-0.2%) sectors were the lone groups that finished lower.

Stocks rallied to begin the week, catalyzed by better-than-expected manufacturing activity for March out of the U.S. and China. The data helped reinforce the idea that global economic activity could be close to, or near, a bottom, which could potentially lead to a pickup in earnings growth later in the year.

The broader market drifted higher throughout the week while U.S.-China trade talks appeared to progress favorably in Washington. Key issues like forced technology transfers and enforcement mechanisms have yet to be resolved, though. President Trump said it will be known probably in the next four weeks or so if a deal gets done.

Friday's release of the Employment Situation Report for March showed job growth rebound without stirring concerns about inflation, which provided more fuel for the rally. Overall, the report exposed February's weak payrolls data as an aberration and helped drive the notion that the economic expansion in the U.S. still has room to run.

Leadership from the growth-oriented Dow Jones Transportation Average (+3.1%) and the Philadelphia Semiconductor Index (+5.9%) reflected this growth optimism. **Delta Air Lines** (DAL) led the airline, and transport, stocks higher after providing upbeat results and guidance. Semiconductor stocks received a boost from a *Digitimes* report suggesting **Taiwan Semi** (TSM), which is the largest contract semiconductor foundry, is seeing a rebound in chip orders.

**Walgreens** (WBA) and **Tesla** (TSLA), on the other hand, were left out of the rally. Walgreens disappointed investors with its earnings results and guidance; Tesla, meanwhile, reported a steep decline in Q1 deliveries and said the results will negatively affect the company's Q1 net income.

U.S. Treasuries pulled back this week, driving yields higher across the curve. The 2-yr yield increased seven basis points to 2.34%, and the 10-yr yield increased nine basis points to

2.50%. The U.S. Dollar Index increased 0.1% to 97.40. WTI crude rose 4.9% to \$63.10/bbl, hitting a five-month high.

Index	Started Week	Ended Week	Change	% Change	YTD %
<b>DJIA</b>	25928.68	26424.99	496.31	1.9	13.3
<b>Nasdaq</b>	7729.32	7938.69	209.37	2.7	19.6
<b>S&amp;P 500</b>	2834.40	2892.74	58.34	2.1	15.4
<b>Russell 2000</b>	1539.74	1582.56	42.82	2.8	17.4

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