

Weekly Wrap

The S&P 500 increased 0.5% this week, lifted by shares of consumer discretionary companies as the market remained hopeful for positive outcomes in the Fed's policy decision next week and the G-20 summit later this month.

The Dow Jones Industrial Average increased 0.4%, the Nasdaq Composite increased 0.7%, and the Russell 2000 increased 0.5%.

The week began on a high note as the market was relieved to hear that the U.S. and Mexico reached a deal to avert a 5% tariff rate on all goods imported from Mexico. President Trump could still reinstate the tariffs, though, if the U.S. thinks Mexico is not doing enough to stop the flow of illegal migration through its borders.

The S&P 500 consumer discretionary (+2.4%), communication services (+1.4%), and utilities (+1.2%) sectors outperformed the broader market. The information technology (-0.2%), industrials (-0.4%), and energy (-0.5%) sectors were the lone sectors to finish lower.

At its high on Monday, the S&P 500 was up 6.1% in a span of six sessions. An understanding that the market may have advanced too far, too fast contributed to some tight-ranged sessions the rest of the week ahead of the Fed's policy meeting next week and the G-20 summit at the end of the month.

Growing expectations for the Fed to signal a rate cut and lingering hopes that the G-20 summit can improve U.S.-China trade relations contributed to the positive disposition. As of Friday, the fed funds futures market saw an 86.4% implied likelihood of a rate cut in July. Those expectations were bolstered this week by muted inflation pressure in the Consumer Price Index for May.

These positive considerations also helped the market withstand geopolitical tensions and weakness in the semiconductor space.

The U.S. blamed Iran for the attack on two oil tankers that were operating near the Strait of Hormuz. Rising tensions helped provide some relief in the price of oil (\$52.54, -\$1.38, -2.6%), which fell on worries about demand and oversupply. The Philadelphia Semiconductor (-1.6%) was pressured by **Broadcom (AVGO)** after it warned of a slowdown in demand due to trade uncertainty and export restrictions on Huawei Technologies.

Separately, **Raytheon (RTN)** and **United Technologies (UTX)** agreed to an all-stock merger of equals, valued at roughly \$120 billion, which was met with some resistance from activist investor Bill Ackman.

U.S. Treasuries finished little changed. The 2-yr yield remained at 1.84%, and the 10-yr yield increased one basis point to 2.09%. The U.S. Dollar Index advanced 1.1% to 97.57.

Index	Started Week	Ended Week	Change	% Change	YTD %
DJIA	25983.94	26089.61	105.67	0.4	11.8
Nasdaq	7742.10	7796.66	54.56	0.7	17.5
S&P 500	2873.34	2886.98	13.64	0.5	15.2
Russell 2000	1514.39	1522.50	8.11	0.5	12.9

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