

Weekly Wrap

Week in Review: Stock market sets new record highs, as earnings remain positive

The stock market finished the week higher with the S&P 500 (+1.7%) and Nasdaq Composite (+2.3%) setting new record highs in the process. Upbeat earnings results throughout the week, and an encouraging first look into second-quarter GDP, helped the stock market continue its upward trend.

The Russell 2000 advanced 2.0%. The Dow Jones Industrial Average increased just 0.1%, undercut by an 8.6% weekly decline in shares of **Boeing (BA)** amid ongoing company-specific issues.

More than 40% of S&P 500 companies have now released their earnings reports, according to *FactSet*, and most of the results this week continued to come in better than expected. **Alphabet (GOOG)** exceeded expectations, and shares climbed more than 10% the following day. Investors were less pleased, however, with tepid revenue guidance from **Facebook (FB)** and a profit miss from **Amazon (AMZN)**.

The S&P 500 communication services sector (+4.6%), which is home to Alphabet, was this week's outright leader. The financials (+2.7%) and information technology (+2.4%) sectors followed suit, while the energy (-0.6%) and utilities (-0.6%) sectors finished lower.

The Philadelphia Semiconductor Index remained on a tear, rising 4.6% this week on positive commentary out of Goldman Sachs, upbeat earnings results from **Texas Instruments (TXN)**, and news that the U.S. will head to China next week to continue trade talks. For the year, the PHLX is now up 38.0%.

On the data front, the advance estimate for second-quarter GDP increased at a seasonally adjusted annual rate of 2.1% (Briefing.com consensus 1.8%). Although the U.S. economy did slow down from the 3.1% growth recorded in the first quarter, strong consumer spending helped the economy grow better than expected.

The upbeat data is likely to feed into Boston Fed President Rosengren's (FOMC voter) view that the Fed should keep rates unchanged at its policy meeting next week. Mr. Rosengren's stance is a minority position in the market's mind, though, especially at a time when central banks around the world, including the European Central Bank, have called for easier monetary policy.

U.S. Treasuries ended the week little changed, leaving yields at relatively low levels that continued to favor risk assets. The 2-yr yield increased three basis points to 1.87%, and the 10-yr yield remained unchanged at 2.08%. The U.S. Dollar Index advanced 0.9% to 98.01. WTI crude advanced 1.0% to \$56.19/bbl.

Separately, the Department of Justice announced a broad antitrust review into the "market-leading online platforms" this week. Investors didn't appear too concerned about the regulatory overhang, though, amid the generally positive mood in the market.

| Index | Started Week | Ended Week | Change | % Change | YTD % |
|---------------------|--------------|------------|--------|----------|-------|
| DJIA | 27154.20 | 27192.45 | 38.25 | 0.1 | 16.6 |
| Nasdaq | 8146.49 | 8330.21 | 183.72 | 2.3 | 25.5 |
| S&P 500 | 2976.61 | 3025.86 | 49.25 | 1.7 | 20.7 |
| Russell 2000 | 1547.90 | 1578.97 | 31.07 | 2.0 | 17.1 |

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Rank : positive