

# Weekly Wrap

*Week in Review: S&P 500 cracks above 3000, led higher by value stocks amid improved outlooks for trade and growth*

The stock market extended its winning streak to three weeks, with value-oriented sectors leading the market closer to all-time highs. The S&P 500 (+1.0%) climbed back above the 3000 level while the Dow Jones Industrial Average (+1.6%) rose back above 27000. The Nasdaq Composite (+0.9%) did well, too. The small-cap Russell 2000 rose 4.9%, and the S&P MidCap 400 rose 2.7%.

Improved outlooks for trade and growth helped generate renewed buying interest in value stocks, or those with less demanding valuations. Like small-caps and mid-caps, the S&P 500 financials (+3.9%) and energy (+3.4%) sectors, **SPDR S&P Retail ETF (XRT +6.2%)**, and Dow Jones Transportation Average (+5.0%) posted sizable gains.

Crowded trades like U.S. Treasuries, highly-valued growth stocks, and defensive-oriented stocks fell out of favor. The S&P 500 information technology (-0.4%), consumer staples (-0.9%), and real estate (-2.2%) sectors finished in negative territory.

The sell-off in the Treasury market drove the 2-yr yield up 27 basis points to 1.79% and the 10-yr yield up 35 basis points to 1.90%. A stronger-than-expected 0.3% increase in core CPI for August further pressured Treasury yields. The U.S. Dollar Index declined 0.2% to 98.20.

Contributing to the improved outlook for trade included a series of positive-sounding trade developments. President Trump said he will delay the tariff rate increase on \$250 billion of Chinese imports to Oct. 15 from Oct. 1 at China's request. China exempted certain U.S. products from a higher tariff rate, including pork and soybeans. President Trump said he would at least consider an interim trade deal.

The trade-sensitive Philadelphia Semiconductor Index advanced 2.4%.

From a growth perspective, economic data continued to suggest the U.S. consumer could continue to support growth and ward off a recession. For instance, weekly initial jobless claims remained at historically low levels, retail sales increased 0.4% in August (Briefing.com com consensus 0.3%), and consumer sentiment rebounded in September.

Accommodative measures announced by the ECB were other supportive factors for equities. The central bank cut its deposit rate to -0.5% from -0.4% and said it will restart buying back bonds at a monthly pace of 20 billion euros, a process known as quantitative easing, starting Nov. 1.

Separately, WTI crude (\$54.88/bbl) fell 2.8% this week, burdened by a series of bearish news. President Trump was reportedly in talks to ease sanctions on Iran. OPEC

downgraded its forecasts for oil demand in 2019 and 2020. The ECB lowered its eurozone growth forecasts for 2019 and 2020.

Index	Started Week	Ended Week	Change	% Change	YTD %
<b>DJIA</b>	26797.46	27219.52	422.06	1.6	16.7
<b>Nasdaq</b>	8103.07	8176.71	73.64	0.9	23.2
<b>S&amp;P 500</b>	2978.71	3007.39	28.68	1.0	20.0
<b>Russell 2000</b>	1505.15	1578.14	72.99	4.8	17.0

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