

# Weekly Wrap

*Week in Review: Stocks extend rebound rally into September, cyclical sectors set the pace*

The stock market rallied for the second straight week, supported by developments in trade and politics and encouraging economic data. The S&P 500 (+1.8%), Nasdaq Composite (+1.8%), and Dow Jones Industrial Average (+1.5%) each increased at least 1.5%. The Russell 2000 (+0.7%) trailed its larger-cap peers.

This week's leaders included the cyclical S&P 500 consumer discretionary (+2.6%), energy (+2.6%), and information technology (+2.4%) sectors - all of which rose over 2.0%. The defensive-oriented utilities (+0.4%) and health care (+0.7%) sectors were the lone groups that increased less than 1.0%.

The shortened trading week began on a lower note, as retaliatory tariffs from the U.S. and China went into effect and data from the ISM showed the U.S. manufacturing sector slip into contraction territory in August for the first time since 2016. Stocks rallied sharply over the next two days, though, as Hong Kong said it would withdraw its extradition bill and China said it agreed to meet in Washington for trade talks in early October.

The takeaway from the Hong Kong and U.S.-China trade situations was that conditions did not deteriorate, which was good for sentiment. A slate of encouraging economic data, including solid growth in non-manufacturing activity for August, helped stave off recessionary fears. The Employment Situation Report for August did show U.S. hiring activity slow down to a more modest pace, though.

Specifically, nonfarm payrolls increased by 130,000 (Briefing.com consensus 171,000) and nonfarm private payrolls increased by 96,000 (Briefing.com consensus 145,000). A closer look, though, showed that more people are working and earning money, which is a good recipe for supporting the economy expansion, one which Fed Chair Powell repeated the Fed is intent on sustaining.

U.S. Treasuries finished lower this week, pushing yields slightly higher. The 2-yr yield increased two basis points to 1.52%, and the 10-yr yield increased four basis points to 1.55%. The U.S. Dollar Index fell 0.5% to 98.42. WTI crude rose 2.5%, or \$1.39, to \$56.45/bbl.

The weaker dollar was another positive consideration for the market, especially for the earnings prospects of U.S. multinational companies. Some of its weakness was attributed to noticeable strength in the British pound as Parliament moved to block a no-deal Brexit on Oct. 31.

Index	Started Week	Ended Week	Change	% Change	YTD %
<b>DJIA</b>	26403.28	26797.46	394.18	1.5	14.9
<b>Nasdaq</b>	7962.88	8103.07	140.19	1.8	22.1
<b>S&amp;P 500</b>	2926.46	2978.71	52.25	1.8	18.8
<b>Russell 2000</b>	1494.84	1505.15	10.31	0.7	11.6

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