

Weekly Wrap

Week in Review: S&P 500 climbs past 3300 in strong start to earnings season

The stock market plowed to new records this week, as earnings reports, economic data, trade news, and the bullish price action continued to bolster risk sentiment. The S&P 500 (+2.0%), Nasdaq Composite (+2.3%), and Russell 2000 (+2.5%) rose at least 2.0%, and the Dow Jones Industrial Average (+1.8%) followed right behind.

Six of the 11 S&P 500 sectors finished with gains of at least 2.0%, including a 3.8% gain in the defensive-oriented utilities sector. The energy sector (-1.1%) was the only sector to finish lower, as oil prices (\$58.55/bbl, -0.44, -0.8%) continued to falter.

The macro news flow remained mostly positive and ultimately indicated that the economy is still growing at a steady pace, which could continue to favor equities. In economic data, retail sales and housing starts showed healthy gains in December, while inflation pressures remained muted. In trade news, the U.S. removed China from its currency manipulator list, the Phase One trade deal was signed, and the USMCA trade deal was passed in the Senate.

Earnings reports were generally positive, too. Financial companies, most notably **Morgan Stanley (MS)**, kicked off the fourth quarter reporting season with solid results, although investors will have to wait until next week for guidance from a broader set of companies.

Strikingly, **Alphabet (GOOG)** became the fourth U.S. company to reach the \$1 trillion market-cap valuation this week. General concerns about valuations were subdued this week considering all the pieces of good news, which also helped the market look past relatively disappointing holiday sales from **Target (TGT)** and earnings results from several transportation companies.

U.S. Treasuries were little changed in another quiet week of trading despite the rally in equities. The 2-yr yield was unchanged at 1.56%, and the 10-yr yield increased one basis point to 1.84%. The U.S. Dollar Index increased

0.3% to 97.662. On a related note, the Treasury Department said it will start issuing 20-yr bonds in the first half of this year.

Index	Started Week	Ended Week	Change	% Change	YTD %
DJIA	28910.18	29348.10	437.92	1.5	2.8
Nasdaq	9178.86	9388.94	210.08	2.3	4.6
S&P 500	3265.35	3329.62	64.27	2.0	3.1
Russell 2000	1657.64	1699.64	42.00	2.5	1.9

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Sentiment
Positive (1)
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