

Winning week leaves Nasdaq at record high

The stock market traded with cautious-looking price action in the first half of the week, but buying activity picked up in the second half.



This buying left the Nasdaq Composite at a fresh all-time high by the end of the week. It was the last major index to reach a new record high in the uptrend that brought the S&P 500 and Dow Jones Industrial Average to new all-time closing highs earlier this year.

The fact that the S&P 500 and Dow Jones Industrial Average had already reached fresh record highs this year, and the Nasdaq Composite was approaching its record close coming into the week, contributed to a growing feeling among some participants that stocks are due for a pullback. This notion drove the early lackluster price action as participants waited on market-moving events, including the Fed's preferred measure of inflation on Thursday in

the form of PCE Price Indexes.

The Personal Income and Spending Report for January didn't contain any surprises and the PCE Price Indexes were in-line with expectations, showing year-over-year disinflation for the PCE Price Index to 2.4% (from 2.6%) and the core-PCE Price Index to 2.8% (from 2.9%).

This report alone was not the catalyst for the upside moves in the final few sessions of the week and garnered a muted response from investors. Importantly, though, the report did not force the market to rethink its rate-cut view for the year, which acted as a support factor for the market.

The gains this week were largely driven by mega cap and semiconductor-related stocks, but many other stocks participated in upside moves. Shares of NVIDIA and Meta Platforms, for example, gained 4.4% and 3.7%, respectively.

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Small cap stocks also outperformed the broader market, leading the Russell 2000 to gain 3.0%.

The only S&P 500 sector to lose ground was health care (-1.1%) while the utilities (-0.6%), consumer staples (-0.5%), communication services (-0.3%), and financials (-0.1%) sectors saw relatively slim declines. The information technology sector, which constitutes 30% of the index, gained 2.5%. It was the best performer followed by the real estate (+2.1%) and consumer discretionary (+2.0%) sectors.

Treasury yields declined this week, acting as added support for the stock market. The 2-yr note yield sank 19 basis points to 4.53% and the 10-yr note yield settled eight basis points lower at 4.18%. This price action followed a disappointing \$63 billion 2-yr note auction and the \$64 billion 5-yr note sale, and a solid \$42 billion 7-yr note offering.

In corporate news, UnitedHealth lost ground on news that the Department of Justice has launched an antitrust investigation into the company, according to The Wall Street Journal. Apple is cancelling efforts to build an electric car and will focus on generative artificial intelligence, according to Bloomberg. Also, New York Community Bancorp acknowledged that it has identified material weaknesses in the company's internal controls related to internal loan review.

- Nasdaq Composite: +1.7% for the week / +8.4% YTD
- S&P 500: +1.0% for the week / +7.7% YTD
- S&P Midcap 400: +1.8% for the week / +4.6% YTD
- Dow Jones Industrial Average: -0.1% for the week / +3.7% YTD
- Russell 2000: +3.0% for the week / +2.4% YTD

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