

## Stocks rebound as earnings season ramps up

The stock market exhibited some rebound action after a soft start to the month. It was a busy week, featuring earnings results from nearly 40% of the S&P 500 and some key economic releases.



The Dow Jones Industrial Average rose 0.7%, the S&P 500 gained 2.7%, and the Nasdaq Composite settled 4.2% higher this week.

The upside bias was fueled by favorable responses to earnings from some influential names, calm price action in Treasuries, and carryover momentum as gains built up this week.

Broad buying activity left the equal-weighted S&P 500 up 1.6% this week and all 11 S&P 500 sectors finished higher. Mega cap gains had an outsized impact on index performance, though, and drove gains in the information technology (+5.1%), consumer discretionary (+3.5%), and communication services (+2.7%) sectors.

Meta Platforms was an exception from the mega cap space, dropping 7.9% this week after reporting earnings. Microsoft, Alphabet, which hit a new all-time high, and Tesla gained 1.8%, 11.5%, and 14.4%, respectively, in response to their earnings news.

The quarterly reports from some of the aforementioned names fueled positive buzz around AI, benefitting stocks in the chipmaker space. The PHLX Semiconductor Index (SOX) jumped 10% this week.

Market participants were also digesting the Advance Q1 GDP report, which showed weaker growth and higher inflation, and the weekly jobless claims report, which showed ongoing strength in the labor market, and the March Personal Income and Spending report, which that showed solid spending activity, but stalled progress on inflation.

Treasuries had a relatively calm response to the data, contributing to the upside bias in stocks. The 10-yr note yield was five basis points at 4.67% and the 2-yr note yield rose three basis points to 5.00%.

- S&P 500: +2.7% for the week / +6.9% YTD
- Nasdaq Composite: +4.2% for the week / +6.1% YTD
- S&P Midcap 400: +2.1% for the week / +4.1% YTD
- Dow Jones Industrial Average: +0.7% for the week / +1.5% YTD
- Russell 2000: +2.8% for the week / -1.2% YTD

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