

Fed Chair Powell, Strong Jobs Data Help Lift Stocks from Growth Concern Angst

Wall Street kicked off the first week of 2019 on a higher note, as robust jobs data and soothing commentary from Fed Chair Jerome Powell helped press pause on global growth concerns.



The S&P 500 gained 1.9%, the Dow Jones Industrial Average gained 1.6%, the Nasdaq Composite gained 2.3%, and the Russell 2000 gained 3.2%.

Headline payroll growth in the Employment Situation Report for December was comfortably ahead of estimates while average hourly earnings (+0.4%) increased more than expected, lifting the year-over-year growth rate to 3.2%.

There were some concerns, though, about how the central bank would react to stronger-than-expected jobs data.

Fed Chair Powell eased those concerns when he said the Fed will remain patient given muted inflation readings. He added monetary policy will be nimble and shift if necessary, and he also softened his previous comments

regarding the Fed's balance sheet reduction path being on autopilot.

The stock market liked what it heard from Mr. Powell, and his comments helped solidify an equity rebound from previous angst over economic growth.

A rare revenue cut from Apple (AAPL) and disappointing manufacturing data from the U.S. and China had exacerbated fears that economic growth might be slowing more quickly than anticipated, which would present a headwind to corporate earnings.

The market is not free and clear from economic growth concerns, but with strong U.S. jobs growth and a friendlier-sounding Fed, the market saw renewed buying interest.

U.S. Treasuries underwent wild swings this week amid the fragility in investor sentiment. At the end of the week, the 2-yr yield declined four basis points to 2.48%, and the 10-yr yield declined eight basis points to 2.66%. The U.S. Dollar Index lost 0.2% to 96.17. WTI crude rose 6.0% to \$48.03/bbl.

S&P 500 Index is a market index generally considered representative of the stock market as a whole. The index focuses on the large-cap segment of the U.S. equities market. Indices are unmanaged and one cannot invest directly in an index. Each company's security affects the index in proportion to its market value. NASDAQ Composite Index is a market value-weighted index that measures all NASDAQ domestic and non-U.S. based common stocks listed on the NASDAQ stock market. Dow Jones Industrial Average is a widely-used indicator of the overall condition of the stock market, a price-weighted average of 30 actively traded blue chip stocks, primarily industrials, but also includes financial, leisure and other service oriented firms. Data and rates used were indicative of market conditions as of the date shown and compiled by briefing.com. Opinions, estimates, forecasts, and statements of financial market trends are based on current market conditions and are subject to change without notice. References to specific securities, asset classes and financial markets are for illustrative purposes only and do not constitute a solicitation, offer, or recommendation to purchase or sell a security. Past performance is not a guarantee of future results. Russell 2000 Index measures the performance of the smallest 2,000 companies in the Russell 3000 Index of the 3,000 largest U.S. companies in terms of market capitalization. MSCI Emerging Markets Index is a free float-adjusted market capitalization index that is designed to measure equity market performance of emerging markets. Chicago Board Options Exchange Volatility Index (VIX) tracks the expected volatility in the S&P 500 Index over the next 30 days. A higher number indicates greater volatility.

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