

## Financials, Information Technology Lead Broader Market Higher

The S&P 500 increased 0.4% this week, extending its yearly gain to 11.8%, as shares of financial and technology companies outperformed. There was a lot of news for the market to digest, which included economic data, U.S-China trade updates, and geopolitics.



The Nasdaq Composite rose 0.9%. The Dow Jones Industrial Average and the Russell 2000, meanwhile, finished flat.

The S&P 500 financials (+0.8%), information technology (+1.0%), and energy (+1.1%) sectors outperformed the broader market. Conversely, the materials (-1.6%), real estate (-1.2%), and consumer staples (-0.4%) sectors underperformed.

Several key economic indicators helped tame buying interest this week, though.

December housing starts increased at the slowest pace (1.078 million) since September 2016; the advance estimate of Q4 GDP increased 2.6% (Briefing.com consensus 2.3%) but was still below the growth

registered in the second and third quarters; and the ISM Manufacturing Index for February decreased to 54.2 (Briefing.com consensus 56.0) from January's reading of 56.6.

The positive news for investors, though, is that consumer confidence increased in February; moreover, the softer data could reinforce the Fed's "patient" stance on monetary policy.

Fed Chair Jerome Powell upheld that view in his semi-annual Congressional testimony on the economy this week. He also acknowledged the Fed is close to agreeing on a plan to end the balance sheet runoff.

In U.S-China trade news, President Trump officially delayed the March 1 deadline, as was anticipated, due to reported progress being made. Bloomberg reported Friday that the U.S. and China are in the process of preparing a document that lays out the provisions of a trade deal that could be signed perhaps as early as mid-March.

There were also some geopolitical developments that garnered some attention. President Trump abruptly ended a two-day summit with North Korean leader

Kim Jong-un, unable to reach an agreement on the denuclearization effort. Separately, Pakistan shot down two Indian fighter jets over their contested border but returned a captured Indian pilot in goodwill.

In earnings news, retailers had a pretty good showing. Macy's (M), AutoZone (AZO), Lowe's (LOW), TJX (TJX), Best Buy (BBY), Gap (GPS), and Foot Locker (FL) all climbed on better-than-expected results. Home Depot (HD), too, had a solid fourth quarter but issued downside earnings guidance. The SPDR S&P Retail ETF (XRT) increased 2.3% this week.

U.S. Treasuries declined noticeably this week, sending yields higher across the curve. The 2-yr yield increased seven basis points to 2.55%, and the 10-yr yield increased 10 basis points to 2.76%. The U.S. Dollar Index lost 0.1% to 96.46. WTI crude lost 2.5% to \$55.81/bbl.

Past performance is not a guarantee of future results. Indices are unmanaged and one cannot invest directly in an index. Diversification does not guarantee investment returns and does not eliminate the risk of loss.

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. 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. 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. 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.

Park Avenue Securities LLC (PAS) is an indirect, wholly-owned subsidiary of The Guardian Life Insurance Company of America (Guardian). PAS is a registered broker/dealer offering competitive investment products, as well as a registered investment advisor offering financial planning and investment advisory services. PAS is a member of FINRA and SIPC.

Provided by Briefing.com