

S&P 500 Breaks Above 2900 with a little help from JPMorgan Chase and Walt Disney

The S&P 500 increased 0.5% this week, as a strong earnings report from JPMorgan Chase (JPM) and a positive response to Walt Disney's (DIS) upcoming new streaming service helped the broader market overcome weakness from the health care stocks.



The Nasdaq Composite increased 0.6%, and the Russell 2000 increased 0.1%. The Dow Jones Industrial Average declined 0.1%, pulled lower by shares of UnitedHealth (UNH) and Chevron (CVX).

The broader market appeared to be in limbo leading up to the start of the first quarter earnings-reporting season on Friday. The market received a persistent reminder about slowing growth from the International Monetary Fund, but moderating inflation data and assurance from the Federal Reserve and the European Central Bank to keep rates on hold kept stocks steady.

The lack of new catalysts also kept the S&P 500 drifting below the 2900 level, which had been an area of resistance for the benchmark index.

Fortunately for the S&P 500, Friday came with the firepower necessary to finally break, and close, above the level for the first time since early October.

JPMorgan reported record revenue and net income for the first quarter. Disney surged to a new-all time high after impressing investors with its new Disney+ streaming service the evening prior. Chevron announced plans to acquire Anadarko Petroleum (APC) for \$33 billion, fueling gains in many of the smaller energy companies. Lastly, solid export activity out of China for March helped contribute to the notion the Chinese economy has bottomed.

JPMorgan's strong earnings report was a major contributor to the renewed leadership from the S&P 500 financial sector (+2.1%). Disney's 11.5% gain on Friday was an added boost to the outperformance of the S&P 500 communication services sector (+1.6%).

On the downside, the S&P 500 health care sector (-2.4%) remained out of favor. Continued

uncertainty about the fate of the Affordable Care Act and increasing threats from lawmakers to curb rising drug costs weighed heavily on the space.

U.S. Treasuries lost ground this week, pushing yields higher across the curve. The 2-yr yield increased five basis points to 2.39%, and the 10-yr yield increased six basis points to 2.56%. The U.S. Dollar Index lost 0.5% to 96.96. WTI crude rose 1.3% to \$63.91/bbl.

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