

## Upbeat U.S. Data and Strength in Mega-Cap Stocks Lift S&P 500 and Nasdaq to New Closing Records

The S&P 500 (+1.2%) and Nasdaq Composite (+1.9%) each posted solid gains this week while setting new closing highs in the process. Strength in the U.S. economy and solid earnings reports from mega-cap companies contributed to the week's upside bias.



The Dow Jones Industrial Average declined 0.1% following disappointing results/guidance from 3M (MMM), Intel (INTC), and Exxon Mobil (XOM).

U.S. economic data this week showed healthy pickups in new home sales and durable goods orders for March. The advance estimate for first quarter GDP also topped expectations, increasing 3.2% (Briefing.com consensus 1.9%), while the GDP Price Deflator showed prices moderate more than expected.

Upbeat data, tame inflation, and strong earnings results from mega-cap companies like Amazon (AMZN), Facebook (FB), and Microsoft (MSFT), helped contribute to gains in most sectors. The health care sector (+3.7%) led the pace, bouncing back from last week's 4.4% decline.

The narrative overseas, however, remains gloomy. 3M and Intel each called attention to a slowdown in demand from China while foreign economic data corroborated slowing growth expectations. South Korea's first quarter GDP contracted by 0.3%, and Germany's Ifo Business Climate Index remained on the decline. The Bank of Japan also expects rates to be kept at extremely low levels until at least the spring of 2020.

Weakness in 3M and UPS (UPS), meanwhile, contributed to the underperformance of the S&P 500 industrials sector (-1.0%), while Intel helped lead the Philadelphia Semiconductor Index (-0.7%) lower. The S&P 500 energy sector (-1.3%) also underperformed following weakness in Exxon Mobil and lower oil prices (\$63.23/bbl, -\$0.80, -1.3%).

Oil prices started the week on a higher note after the U.S. decided to end its waivers for countries to import oil from Iran. Prices reeled in following President Trump telling OPEC to keep fuel costs down on Friday.

U.S. Treasuries finished higher in a curve-steepening trade, driven by muted inflation and dovish monetary policy from central banks. The 2-yr yield declined 11

basis points to 2.27%, and the 10-yr yield declined five basis points to 2.51%. The U.S. Dollar Index rose 0.6% to 98.03.

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