

## Record Run Takes S&P 500 to 3100 and Dow to 28,000

The S&P 500 (+0.9%), Dow Jones Industrial Average (+1.2%), and Nasdaq Composite (+0.8%) set new records this week, with the bulk of this week's gains coming on Friday after NEC Director Larry Kudlow said a Phase One trade agreement was close to being reached.



The small-cap Russell 2000 (-0.2%) was left out of the rally. Commerce Secretary Wilbur Ross and Director of Trade and Manufacturing Policy Peter Navarro expressed similar views on trade. Other "people familiar with the talks," however, told news outlets that both sides are struggling to overcome issues on exiting tariffs, enforcement mechanisms, and agricultural purchases.

The market remained optimistic, yet somewhat cautious as money flowed into the defensive-oriented health care (+2.4%), real estate (+1.9%), and utilities (+1.5%) sectors. The outperformance of the market's biggest technology names like Apple (AAPL), Microsoft (MSFT), and Alphabet (GOOG) seemed like a "safe" play, too.

Laggards included the S&P 500 energy (-1.3%), financials (-0.3%), and consumer discretionary (-0.2%) sectors. Cisco Systems (CSCO) fell sharply on disappointing quarterly guidance.

Well-received corporate news came out of Walt Disney (DIS), Boeing (BA), and Walgreens Boots Alliance (WBA).

Disney said 10 million users signed up for Disney+ in its first day. Boeing said it expects 737 MAX deliveries to resume in December and commercial service to resume in January. Walgreens reportedly received a leveraged buyout offer from KKR & Co. (KKR).

Separately, President Trump's speech at the Economic Club of New York and Fed Chair Powell's two-day congressional testimony were two high-profile events this week. Neither, however, provided the market information it didn't already know about trade negotiations, the economy, or monetary policy.

U.S. Treasuries finished the week higher, which

sent yields lower across the curve. The 2-yr yield declined five basis points to 1.61%, and the 10-yr yield declined ten basis points to 1.83%. The U.S. Dollar Index declined 0.4% to 97.99. WTI crude increased 0.9%, or \$0.54, to \$57.75/bbl.

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