

## Strong Jobs Report Helps S&P 500 Erase Weekly Losses

The S&P 500 increased 0.2% in a choppy week of trading, as a strong November employment helped the broader market overcome a rough start. The Russell 2000 rose 0.6%, while the Dow Jones Industrial Average (-0.1%) and Nasdaq Composite (-0.1%) were unable to recoup all their losses.



This week's leaders included the S&P 500 energy (+1.5%), consumer staples (+0.9%), health care (+0.9%), and financials (+0.7%) sectors. The industrials (-1.1%), consumer discretionary (-0.8%), information technology (-0.4%), and real estate (-0.3%) sectors finished lower.

The week began with the S&P 500 dropping about 70 points, or 2.3%, from its Friday closing level in less than two sessions. The two primary catalysts were a weaker-than-expected ISM Manufacturing Index for November and President Trump suggesting that a trade deal with China might be better if it waited until after the 2020 election.

The news might have been good excuses to take some profits after a great month of November (and year), but an opportunistic mindset quickly took hold. Risk sentiment

was first supported by reports that trade talks are nearing a deal and was later buoyed by a stronger-than-expected November employment report.

Nonfarm payrolls climbed 266,000 (Briefing.com consensus 182,000), firmly beating expectations and coming in above the upwardly revised readings for October and September. The unemployment rate ticked down to 3.5% (Briefing.com consensus 3.6%), and average hourly earnings increased 0.2% (Briefing.com consensus 0.3%).

On Friday, China added to the upbeat trade mood after it said it began to exempt some U.S. agricultural purchases from tariffs. On a related note, tariffs on steel and aluminum imports from Argentina and Brazil were restored after the countries devalued their currencies, while \$2.4 billion of French imports may be taxed up to 100% after France passed a digital tax law that allegedly targets U.S. tech companies.

Separately, there were some notable corporate leadership changes.

Alphabet's (GOOG) CEO Larry Page and President Sergey Brin stepped down from management and ceded CEO duties to Sundar Pichai in addition to his current CEO role at Google. Expedia's (EXPE) CEO Mark Okerstrom and CFO Alan Pickerill resigned at the board's request. United Airlines (UAL) CEO Oscar Munoz will step down in May and transition to Executive Chairman.

U.S. Treasuries had some big swings but ultimately finished near their unchanged marks from last week. The 2-yr yield increased two basis points to 1.63%, and the 10-yr yield increased one basis point to 1.84%. The U.S. Dollar Index fell 0.6% to 97.68. WTI crude climbed 7.3% to \$59.20/bbl, as OPEC+ agreed to cut oil production by 500,000 barrels per day during the first quarter of 2020.

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