

Stock Market Returns to Winning Ways as Geopolitical Tensions Subside

The large-cap indices hit new record highs this week, as tensions in the Middle East were de-escalated and technology stocks continued to outperform. The Nasdaq Composite rose 1.8% to climb past the S&P 500 (+0.9%) and Dow Jones Industrial Average (+0.7%). The Russell 2000 (-0.2%) underperformed for the third straight week.



Iran remained a focal point, at least in the first half of the week after it escalated its hostile rhetoric against the U.S. and fired more than a dozen ballistic missiles against U.S. and coalition forces in Iraq. Any equity weakness was bought, and a risk-on mindset followed de-escalation comments from President Trump amid no American casualties.

The mega-cap stocks within the S&P 500 information technology (+2.2%) and communication services (+2.0%) sectors continued to provide influential leadership. The energy sector (-1.1%), on the other hand, was this week's laggard amid a 6.4% drop in the price of oil (\$58.99, -4.04). Crude was pressured by bearish inventory data and skepticism that the Middle East situation would disrupt production.

On Friday, the December jobs report showed 145,000 jobs were added to nonfarm payrolls in December, which was less than the Briefing.com consensus of 160,000 and less than the readings for November and October. The soft report could have been a good reason to take some profits from what many viewed to be an overbought market, as stocks did end the week on a lower note.

Separately, a Boeing (BA) 737-800 jetliner crashed shortly after takeoff in Tehran this week, killing all 176 passengers on board. President Trump and U.S. allies believed that the plane was shot down by Iranian missiles, but there was no indication that the U.S. would reconsider its de-escalation strategy.

U.S. Treasuries ended the week slightly higher. The 2-yr yield declined two basis points to 1.56%, and the 10-yr yield declined four basis points to 1.83%. The U.S. Dollar Index advanced 0.5% to 97.36.

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 a 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