

## S&P 500 Finally Broke Through to All-time Highs

Monday to Wednesday was a tease for market participants in that the S&P 500 narrowly missed out on an all-time closing high in every session.



It finally got over the hump on Thursday and ended the week with a 0.4% gain. Price action was relatively tight ranged throughout the week for the benchmark index.

The Nasdaq Composite (+1.9%) and Russell 2000 (+2.2%) each rose about 2%, while the Dow Jones Industrial Average (-0.8%) declined nearly 1.0%.

From a sector perspective, the S&P 500 real estate (+2.0%), health care (+1.9%), information technology (+1.4%), and consumer discretionary (+1.6%) sectors finished the week as leaders. The latter was propped up by a 4% gain in Amazon.com (AMZN).

On the other hand, the cyclical financials (-2.4%), materials (-2.0%), and industrials (-1.7%) sectors

declined around 2.0%.

The underperformance of the cyclical stocks was partially due to profit-taking interest and an underlying belief that the economy is running into peak growth rates. The latter viewpoint was indirectly corroborated by the Treasury market, which appeared to be sticking with the peak inflation thesis.

Specifically, the 10-yr yield fell ten basis points this week to 1.46%, even though total CPI was up 0.6% m/m in May (Briefing.com consensus 0.4%) and up 5.0% yr/yr. Interestingly, even the stock market liked the report as it ran with the peak inflation argument expressed by Treasuries.

Speculative stocks did well, too, presumably on the understanding that the Fed isn't in a rush to tighten or communicate it will tighten policy. Economics polled by Reuters expected the Fed to officially announce a plan to taper asset purchases in August or September.

Separately, Biogen's (BIIB) Alzheimer's treatment received FDA approval, sending BIIB shares up 39% for the week. The iShares Nasdaq Biotechnology ETF (BIIB) gained 5.9%.

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