

Mega caps support index gains as rates rise

The market had a decent showing this week on the heels of last week's big gains.



Market participants were digesting another heavy flow of earnings news, but that news was largely overshadowed by moves in the mega cap stocks.

The broader market showed nice resilience to selling efforts despite many participants thinking stocks are due for a pullback. The S&P 500 is now up 7.2% from its low close on October 27.

Small and mid cap stocks were an exception, relenting to some selling pressure this week. The Russell 2000 fell 3.2% and the S&P Mid Cap 400 declined 1.6%.

Six of the 11 S&P 500 sectors logged a gain this week. The heavily-weighted information

technology (+4.8%) and communication services (+2.2%) sectors were the best performers followed by consumer discretionary (+0.9%). The energy (-3.8%), utilities (-2.6%), and real estate (-2.1%) sectors saw the biggest declines.

A jump in market rates following some Treasury auctions this week, along with commentary from Fed Chair Powell, slowed the rebound momentum for the broader market. The 2-yr note yield climbed 19 basis points this week to 5.05%. The 10-yr note yield rose seven basis points this week to 4.63%.

Sales of 3- and 10-yr notes on Tuesday and Wednesday, respectively, met okay enough demand for the stock market, but Thursday's 30-yr bond auction was met with dismal demand.

There were several Fed officials speaking this week, but the market was mostly focused on Fed Chair Powell's IMF panel discussion on Thursday.

Mr. Powell largely reiterated his remarks from November 1, saying “If it becomes appropriate to tighten policy further, we will not hesitate to do so.”

- Nasdaq Composite: +2.4% for the week / +31.8% YTD
- S&P 500: +1.3% for the week / +15.0% YTD
- Dow Jones Industrial Average: +0.7% for the week / +3.4% YTD
- S&P Midcap 400: -1.6% for the week / +3.1% YTD
- Russell 2000: -3.2% for the week / +2.6% YTD

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