

Another winning week after pleasing batch of data

It was another winning week for the stock market. The S&P 500, which flirted with 4,100 in late October, closed above the 4,500 level on Friday.



The positive bias was partially driven by a recognition that there wasn't a lot of selling activity after the big run, along with a fear of missing out on further gains during a seasonally strong time of year for the market.

Mega cap stocks contributed to index performance, but the broader market experienced more robust buying interest.

The bulk of this week gains followed the October Consumer Price Index on Tuesday, which corroborated the notion that the Fed is done raising rates. That report, along with the October Producer Price Index, the October Retail Sales, the weekly initial jobless claims, and the October Housing Starts data, all seemed consistent with

a soft landing scenario for the economy.

The fed funds futures market priced out the probability of any additional rate hikes by the Fed, and now sees a 61.7% probability of the first rate cut in May 2024, according to the CME FedWatch Tool.

Treasury yields took a sharp turn lower in response to the data and the idea that the Fed is done raising rates. The 2-yr note yield fell 15 basis points this week to 4.90%. The 10-yr note yield declined 19 basis points to 4.44%.

The rate-sensitive S&P 500 sectors registered some of the largest gains, but all 11 sectors traded higher this week. The real estate (+4.5%), financials (+3.3%), and utilities (+3.0%) sectors were standouts in that respect. The consumer staples (+0.6%) and energy (+0.9%) sectors were the only ones to gain less than 1.0%.

Market participants were digesting another batch of earnings news. Walmart and Target headlined the calendar, both making mention of a more cautious-minded consumer.

Still, Target registered a big gain after reporting results. Gap, Ross Stores, and Macy's were also standout winners after reporting earnings.

Leading chip equipment maker Applied Materials also reported earnings and logged a decline following a Reuters report that it is the subject of a DOJ criminal probe over shipments to China's top chipmaker, SMIC.

In other news, Congress passed a continuing resolution to avoid a government shutdown, and President Biden and President Xi agreed to resume high-level, direct military talks, and bilateral cooperation in combating global illicit drug manufacturing and trafficking.

Looking ahead, markets will be closed on Thursday and close at 1:00 p.m. ET on Friday in observance of Thanksgiving.

- Nasdaq Composite: +2.4% for the week / +35.0% YTD
- S&P 500: +2.2% for the week / +17.6% YTD
- Dow Jones Industrial Average: +1.9% for the week / +5.4% YTD
- S&P Midcap 400: +4.0% for the week / +4.4% YTD
- Russell 2000: +5.4% for the week / +2.1% YTD

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