

S&P 500, DJIA at New All-time Highs After Winning Week

The stock market closed out another winning week with the S&P 500 and Dow Jones Industrial Average at fresh record highs.



The Russell 2000 (1.9%) pacing index gains, the S&P 500 settled 0.9% higher, the Nasdaq Composite jumped 0.8%, and the Dow Jones Industrial Average rose 1.0%.

Gains were relatively broad based, driven by ongoing momentum as stocks continue to hit new record highs. The equal-weighted S&P 500 settled 1.1% higher than last Friday.

Semiconductor stocks were a pocket of weakness in a mostly upbeat tape. The PHLX Semiconductor Index (SOX) dropped 2.4% this week in response to a Bloomberg report that the Biden administration is looking at curbing sales of advanced AI chips to certain countries, with a focus on Persian Gulf countries, and in response to ASML's (ASML) Q3 results.

The semiconductor equipment maker's results were released early and disappointed investors due to below-consensus EPS, revenues, and net bookings. The company also issued weaker-than-expected FY25 revenue guidance saying, "While there continue to be strong developments and upside potential in AI, other market segments are taking longer to recover."

Taiwan Semiconductor Manufacturing Company (TSM) reported pleasing Q3 results, along with better-than-expected Q4 guidance, which stirred some buy-the-dip interest in the space by the end of the week.

A lot of the earnings news this week was well received, contributing to the overall positive bias. Dow component UnitedHealth (UNH) was an exception, registering a sharp decline after reporting its third quarter earnings, which featured an increase in its medical care ratio, and issuing some tepid FY25 earnings guidance.

This price action impacted the S&P 500 health care sector's performance. It was one of two sectors to close lower this week. The only other sector to log a decline was energy (-2.6%), which was reacting to a drop in oil prices. WTI crude oil futures settled Friday at \$68.62/bbl.

The financial sector was a top performer as investors digested a slate of earnings news from the space. Morgan Stanley (MS) and Goldman Sachs (GS) were some of the standouts in that respect.

Market participants were also weighing the notion that the Fed won't be as aggressive as previously thought after more solid economic data. This week's releases included September retail sales, which were stronger than expected, and initial jobless claims, which were not as bad as feared.

- Nasdaq Composite: +0.8% for the week / +23.2% YTD
- S&P 500: +0.9% for the week / +23.0% YTD
- Dow Jones Industrial Average: +1.0% for the week / +14.8% YTD
- S&P Midcap 400: +1.4% for the week / +15.0% YTD
- Russell 2000: +1.9% for the week / +12.3% YTD

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