

# Bullishness Builds Among CI Market Dashboard Indicators

## Weekly Market Summary

U.S. stocks ended April higher, buoyed by strong corporate earnings. The week started off strongly in the wake of the results of the French presidential elections, which had the centrist candidate winning the first round. The Dow Jones industrial average, S&P 500 and Nasdaq Composite all posted their biggest gains in nearly two months on Monday.

According to Bank of America Merrill Lynch, S&P 500 companies are beating analysts' estimates for earnings and sales at the highest rate since 2012. And with nearly 60% of the companies in the S&P 500 having reported their results for the first calendar quarter of 2017, earnings are on track to rise 12.5% from the year prior, according to FactSet. This is above the first-quarter earnings growth of 9.1% that analysts estimated as of March 31.

Also this week, the Trump administration outlined its long-awaited tax plan. In recent weeks, the promises of tax cuts had pushed stocks higher, but the devil is in the details and the market responded somewhat indifferently. Some analysts said the plan, which calls for lowering business tax rates and a major overhaul to the individual-tax system, offered few new details and faced a tough road to passage.

Stocks took a step back on Friday as data showed the U.S. economy cooled significantly in the first quarter. Gross domestic product (GDP) rose 0.7% at a seasonally adjusted annual rate, the Commerce Department said, falling short of the 1% growth expected by economists surveyed by The Wall Street Journal. However, it exceeded the Federal Reserve Bank of Atlanta's widely tracked GDPNow model, which on Thursday forecast 0.2% growth for the first quarter.

The Dow Jones Industrial Average (**DJIA**) added 1.9% this week and closed at 20,940.51. On Monday, the blue-chip index gapped up at the open, clearing the 50-day moving average and remained above this key support level the rest of the week. The first support level will be around 20,800 if the index fills in Monday's gap. Below that is the 50-day moving average, which is currently at 20,759.67. For the month, the Dow gained 1.3%.

The S&P 500 Index (**SPX**) posted a 1.5% gain this week to close at 2,384.20. The large-cap index is less than 0.5% below its all-time high close set on March 1. Like the Dow, the S&P 500 gapped upward at Monday's open and moved above its 50-day moving average, where it stayed for the rest

of the week. It seems that the all-time market around 2,395 may be a speed of a resistance point moving forward. To the downside, there is the 50-day moving average at 2,363.10 for initial support. There is also the 2,355 mark, which could offer support of the index filled in Monday's gap. For the month, the S&P 500 climbed 0.9%.

This week, eight of the 10 S&P Sector SPDRs posted gains. Health care (**XLV**) posted the strongest gains, adding 2.5%, followed by Technology (**XLK**), which gained 2.3%. Real Estate (**XLRE**) was the weakest sector, falling 2.1%. Utilities (**XLU**) also posted a loss for the week, ticking downward 0.1%.

For April, Consumer Discretionary (**XLY**) was the big winner, gaining 2.4%. Technology also had a strong month, rising 2.0%. Energy (**XLE**) slid 3.0% for the month, making it the weakest sector. Financials (**XLF**) was the only other sector that was down in April, losing 0.8%.

The broad market Wilshire 5000 (**W5000**) rose 1.5% this week to close at 24,878.48. The index also regained the ground above its 50-day moving average after gapping up strongly at Monday's open. Round-number resistance may be developing at the 25,000 level, however. To the downside, there is the 50-day moving average at 24,615.21, followed by the 24,575 to 24,600 level, which would be where the index fills in Monday's gap. For the month, the Wilshire 5000 was up 1.0%.

The tech-heavy Nasdaq Composite (**COMP**) posted another strong week, climbing 2.3% to 6,047.61. This week marked the first time the index breached the 6,000 mark, a full 17 years after reaching 5,000 during the dot-com boom. The Wall Street Journal offered up some interesting facts regarding Nasdaq 6000:

- It took the Nasdaq 46 years to close above 6,000 since its inception in 1971. In comparison, it took the Dow Jones industrial average just over 100 years to first close above 6000, from May 26, 1896, to October 14, 1996.
- The Nasdaq Composite took 4,308 trading days between the fifth and sixth 1,000-point milestones, the longest 1,000-point run since the very first close above 1000 from inception (6,171 trading days).
- Besides the very first close above 1000, the Dow has never had a 1,000-point run take longer than 3,573 trading days, compared with the Nasdaq's 4,308 trading days between 5000 and 6000 points.
- It took the Dow 6,043 trading days between its 1,000- and 6,000-point milestones, while it took the Nasdaq Composite 5,482 trading days. In comparison, it took the Dow 5,129 trading days to go from 6000 to its recent 21,000-point milestones.

To the downside, we look for round-number support at the 6,000 mark. Below that is the 5,920 level, which would fill in Monday upward gap. And below that is the 50-day moving average at 5,879.47.

The Russell 2000 (**RUT**) index of smaller stocks gained 1.5% this week to close at 1,400.43. The index moved above its 50-day moving average on Monday and briefly broke above resistance around 1,410. In fact, the index set a new all-time high close on Thursday at 1,419.43 before shedding 1.2% on Friday. For April, the small-cap index climbed 1.0%.

The CBOE Volatility Index (**VIX**) plummeted 26.0% this week to 10.82. For the month, Wall Street's "fear gauge" lost 12.5%.

## Computerized Investing Market Dashboard Indicators

This week, one of the CI Market Dashboard Indicators triggered a new bullish signal, shifting from neutral. However, none of the Dashboard indicators triggered confirming bearish or bullish signals this week.

To see the current signals of all the dashboard indicators, visit the **CI Market Dashboard**.

The Market Dashboard is one of the many benefits of *Computerized Investing*, a service from AAll that harnesses the power of technology to help individual investors become more effective managers of their own portfolios. To learn more about *Computerized Investing*, visit <http://www.aaii.com/computerized-investing/about>