Market Dashboard Holds Steady As Stocks See Worst Week of the Year

Weekly Market Summary

Politics took center stage this week in the hearts and minds of investors and traders as House Republicans tried, and failed, to pass a replacement for the Affordable Care Act, also known as Obamacare. After postponing the vote on Thursday, House Republicans received an ultimatum from President Trump to vote or move on. Shortly before the vote was to take place on Friday, Speaker Ryan once again postponed the vote, knowing he did not have the votes to dismantle Obamacare.

The markets have been propelled over the last few months, in large part, by the optimism of policy changes a Trump presidency could bring about. However, this optimism needs legislative action to continue, and this week should that confidence. If Republicans cannot coalesce around a key campaign promise—repealing Obamacare—how likely are Trump's other key legislative items, namely deregulation, tax reform and stimulus spending to succeed.

Many analysts have warned that the market is "priced to perfection" and that that Trump will achieve his goals. However, that likelihood became much more uncertain this week and the market reacted accordingly: U.S. stocks turned in their weakest weekly performance since before the November presidential election.

The Dow Jones Industrial Average (**DJIA**) fell 1.5% this week to close at 20,596.72, having fallen in seven consecutive sessions. This was the Dow's poorest weekly showing since September, according to Schaeffer's Investment Research. The index resounding broke below the 20,750 level on Tuesday, which we were looking to for initial support. The 20,500 level held the latter part of this week and the 50-day moving average is nearby at 20,449.29.

The S&P 500 Index (**SPX**) turned in its biggest weekly loss since November, falling 1.2% this week to 2,343.98. The index fell through support around 2,375 but did find footing later in the week around 2,340. Below that is the 50-day moving average at 2,330.56.

This week, only two of the 10 S&P Sector SPDRs posted gains as sector rotation showed a flight to safety. Utilities (**XLU**) and Real Estate (**XLRE**) were the only winners for the week, adding 1.3% and 0.8%, respectively. Financials (**XLF**) once again lagged all other sectors this week, losing 3.7% on worries that deregulation and tax reform will not come to pass.

The broad market Wilshire 5000 (**W5000**) index lost 1.6% this week and closed on Friday at 24,377.29. This index fell through support at 24,500 but bounced off the 50-day moving average, which is currently at 24,318.73. Below that is possible round-number support at 24,000.

The tech-heavy Nasdaq Composite (**COMP**) had its worst week since December, posting a 1.2% loss this week to end at 5,828.74. The index fell through round-number support at 5,900 but appears to have found near-term footing around 5,790. Below that is the 50-day moving average at 5,753.01.

The Russell 2000 (**RUT**) index of smaller stocks slid 2.7% this week in another sign of a risk-off mentality in the market. The index closed the week at 1,354.64. As we predicted, the index broke below its 50-day moving average on Tuesday but stabilized around 1,340 so we will wait to see if that support level holds in the near term.

The CBOE Volatility Index (**VIX**) jumped 14.9% this week to close at 12.96, its highest level since December 30.

Computerized Investing Market Dashboard Indicators

This week, none of the CI Market Dashboard Indicators changed their signals. In addition, 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**.