

Market Dashboard Shifts Into Neutral

Weekly Market Summary

President Trump, the economy and the Federal Reserve played pivotal roles in the U.S. stock market this week. Stocks were basically flat to start the week in anticipation of Trump's first address to a joint session of Congress. A slightly disappointing gross domestic product reading cooled stocks on Tuesday, but they came roaring back on Wednesday. Some analysts believe it was a positive reaction to the president's Tuesday night speech, in which he again promised major policy changes, including tax reform and an increase in infrastructure spending. Others believe that this was merely a "short squeeze" as short-sellers covered their positions to stop mounting losses in the face of the market's latest rally. At the end of the week, Wall Street digested a host of speeches from Fed officials, with most striking hawkish tones regarding future interest rate increases. On Friday, four officials stepped to the mic, including Fed Chair Janet Yellen and Vice Chair Stanley Fischer. Yellen confirmed the central bank could adjust interest rates at the FOMC meeting later this month "if employment and inflation are continuing to evolve in line with our expectations." As of Friday's close, the CME Group's **FedWatch Tool** placed at the probability of a March rate increase at 79.9%, up from 26.6% a week ago and up from 77.5% on Thursday.

The Dow Jones Industrial Average (**DJIA**) added 0.9% this week to close at 21,005.71. Tuesday saw the index's streak of record closings end at 12. If the blue-chip index had posted a gain on Tuesday, this would have set the longest streak in its 120-year history. Instead, it had to settle on matching the record for the shortest period to move 1,000 points from one millennium number to the next, according to The Wall Street Journal. It took 24 trading days—from January 25 to March 1, for the index to climb from 20,000 to 21,000, matching the time it took to move from 10,000 to 11,000 in 1999. However, this 1,000-point move was only 5% compared to the 10% move back in 1999. The index has now closed above 21,000 for three consecutive days, although it has not moved much since clearing the threshold. We will have to wait to see if 21,000 becomes a support level. Below that is the 50-day moving average at 20,169.53. For February, the Dow added 4.8%, its best monthly gain since November.

The S&P 500 Index (**SPX**) advanced 0.6% this week to 2,383.12. This was the large-cap indexes sixth consecutive weekly gain. After gapping upward on Wednesday, and breaking through a minor resistance level, we will wait to see if that gap offers support to the downside around 2,370 - 2,375. Below that is round-number support around 2,300 as well as the 50-day moving average at 2,299.98. For the month, the S&P 500 climbed 3.7% for its best month since March 2016. This is also the first

time the index has posted gains in both January and February since 2013.

This week, three of the 10 S&P Sector SPDRs posted losses, as Real Estate (**XLRE**) lagged all sectors with a 0.7% decline. Consumer Staples (**XLP**) and Utilities (**XLU**) were also down for the week. Financials (**XLF**) jumped 2.3% for the week in anticipation of rising interest rates. The Technology (**XLK**) sector ticked upward 0.4% for the week. For the month of February, Health Care (**XLV**) was the strongest sector, adding 6.3%, followed by Utilities (**XLU**) and Financials (**XLF**), which both advanced 5.3%. The sole sector that was down for the month was Energy (**XLE**), which fell 2.1%. The Technology sector (**XLK**) was up 4.5% in February.

The broad market Wilshire 5000 (**W5000**) index again posted a weekly gain of 0.5% to close Friday at 24,819.01. The index gapped above previous resistance at 24,750 on Wednesday, moving above 25,000 on an intraday basis for the first time but failing to close above this round-number milestone. The index did set a record close on Wednesday at 24,960.78. We will watch to see if 25,000 become a short-term resistance level. To the downside, there may be support where there was previously resistance around 24,750. Below that is round-number support at 24,000 and the 50-day moving average at 24,046.51. For February, the Wilshire 5000 posted a 3.2% gain.

The tech-heavy Nasdaq Composite (**COMP**) also notched its sixth consecutive weekly win after rising 0.4% for the week to 5,870.75. The index eased off Wednesday's record close on Thursday and we will watch to see if the 5,900 level becomes short-term resistance. We look for round-number support at 5,800 and below that is the 50-day moving average at 5,640.01. The index advanced 3.8% in February, giving it its first four-month winning streak for the first time since 2013.

The Russell 2000 (**RUT**) index of smaller stocks was flat this week, ticking downward by 0.03%, again adding to the speculation that current rally may be confined to larger stocks and not the broader market. The index now stands at 1,394.13. We continue to wonder if the 1,400 mark is becoming a resistance point, as the index traded above it for three consecutive days this week but was never able to close above 1,400. To the downside, the 50-day moving average (1,375.84) has been a reliable floor over the last several weeks. For the month the Russell 2000 gained 1.8%, lagging its larger-cap cousins.

The CBOE Volatility Index (**VIX**) fell 4.4% this week to 10.96. For February, the "fear gauge" added 7.8%.

Computerized Investing Market Dashboard Indicators

This week, one of the Market Dashboard indicators triggered a new neutral signal, switching from

bullish. 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**.

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