

Bears Advance in Market Dashboard as Health-Care & Tech Have Banner Week

Weekly Market Summary

A strong week by health-care stocks boosted the major U.S. indexes even as energy continued its downward slide. Shares of pharmaceutical companies and biotechnology firms posted gains this week, following some encouraging data on drug development. Health-care companies joined the climb, including Thursday when Senate Republicans unveiled their plans to overhaul the Affordable Care Act.

Energy companies and equipment makers fell in recent days as U.S.-traded crude oil tumbled since lower oil prices can hurt their profit margins. Investors are watching the energy market closely since it has been critical for the earnings recovery in the U.S. The sector is expected to account for nearly half of the S&P 500's earnings growth in the second quarter, according to FactSet. U.S.-traded crude oil declined 4.4% for the week and entered a bear market, having fallen more than 20% from a recent high in February.

Technology stocks kicked off the week by posting their biggest gains of the year on Monday. This, in turn, boosted the Dow Jones industrial average to its biggest daily gain in a month and a new record close. The S&P 500 also notched a new all-time high as it recorded its biggest gain in almost two months. The Nasdaq Composite turned in its biggest one-day advance since November 7.

U.S. stock indexes backtracked Tuesday as oil prices fell to their lowest levels since September, pressuring the shares of energy companies. Energy stocks in the S&P 500 fell 1.2%, adding to the losses of the worst-performing sector of the year. The fall came on the heels of fresh worries of an oversupply of oil.

The slide in energy stocks continued Wednesday, which pulled the Dow Jones industrial average and S&P 500 lower. However, gains in health-related companies lifted the Nasdaq to a daily win. Health-care stocks in the S&P 500 rose 1.2% while the Nasdaq added 0.7%.

Health-care stocks posted strong gains on Thursday after Senate Republicans unveiled their plans to overhaul the Affordable Care Act. The Nasdaq Biotechnology Index posted its highest close since January 2016. The rest of the market was muted on Thursday, as the Dow Jones industrial average and S&P 500 both fell less than 0.1%.

Friday once again saw U.S. shares move in a narrow range. The S&P 500 index rose 0.2%, while the Nasdaq Composite added 0.5%. The Dow Jones industrial average ticked downward by 0.1% for the day.

Major Indexes

The Dow Jones Industrial Average (**DJIA**) eked out a 0.05% gain for the week to close at 21,394.76. After hitting a record close on Monday, the blue-chip index fell each of the next four trading sessions. The index filled in the gap it created at Monday's open so we wait to see if that turns into support. Below that is round-number support at 21,000 as well as the 50-day moving average at 21,011,83.

The S&P 500 Index (**SPX**) ended the week up 0.2% to 2,438.30. The large-cap index posted bookend gains this week, with three losing sessions in between. The index broke out of its trading range on Monday but fell back into it. The range has tightened recently though, as support seems to be developing around 2,435. Below that is round-number support at 2,400 and the 50-day moving average at 2,401.78.

Once again, breadth in the market was decidedly negative this week, with only three of the 10 S&P Sector SPDRs posting gains, according to **SectorSPDR.com**. As we mentioned previously, health care (**XLV**) enjoyed a strong week, posting a 3.6% gain. Technology (**XLK**) also bucked the broader trend, adding 1.9%. Energy (**XLE**) dropped 2.9% for the week, while financials (**XLF**) and Utilities (**XLU**) also fell 1.7%.

The broad market Wilshire 5000 (**W5000**) gained 0.3% this week to 25,349.12. On Monday, the index posted a new all-time close but retreated from that level on Tuesday. The index briefly broke through resistance at 25,400 but we still view that as a near-term roadblock. Minor support may be developing around 25,276, but more meaningful support should exist at 25,000 and at the 50-day moving average (24,992.83).

The tech-heavy Nasdaq Composite (**COMP**) climbed 1.8% this week to 6,265.25, snapping its two-week losing streak. To the downside, we look to the 50-day moving average at 6,122.03 for initial support as well as round-number support at 6,100, which held during the recent pullback.

The Russell 2000 (**RUT**) index of smaller stocks gained 0.6% this week to close at 1,414.78. The index closed at 1,399.25 on Thursday but we still look to the 1,400 level for initial support. Below that is the 50-day moving average at 1,393.03.

The CBOE Volatility Index (**VIX**) fell 4.4% this week to 10.02.

Computerized Investing Market Dashboard Indicators

This week, one of the CI Market Dashboard Indicators triggered a new bearish signal, switching 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**.

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