

# Bulls Recover But Sentiment Divided in Latest CI Market Dashboard

## Weekly Market Summary

The holiday-shortened week started off rather muted but picked up steam as it progressed.

U.S. stocks edged lower on Tuesday following the Memorial Day holiday, as financials and energy stocks pulled the broad indexes lower. However, the range in which the indexes are moving continued to be quite narrow. Some analysts point to this as indicating apprehension among investors and traders as to how much longer the current bull market has left.

Wednesday closed the books on May and although U.S. stocks were mostly down that day, the major indexes all posted monthly gains. Overall, U.S. stocks climbed in May as upbeat first-quarter corporate earnings and signs of a steadying global economy helped offset sliding commodity prices and political uncertainty in Washington. The tech-heavy Nasdaq Composite posted a 2.5% gain for the month, while the Dow industrials added 0.3%. The S&P 500 climbed 1.2 % in May. It was the second consecutive monthly climb for the Dow and the S&P, and the seventh straight for the Nasdaq. Shares of financial companies, which jumped after Election Day as investors bet on faster economic growth, higher rates and looser regulations, retreated 1.4% in the S&P 500 in May. The monthly average of the CBOE Volatility Index, known as Wall Street's "fear gauge," in May was the lowest since 2006 and the second lowest in history.

June started off with broad gains on Thursday, as major indexes posted fresh highs. All 11 sectors in the S&P 500 gained, and the Dow Jones industrial average rose to its first record since March 1. Among the top performers, carmakers rose following solid auto sales and energy stocks climbed as the price of oil stabilized. The Dow Jones industrial average gained 0.6%. The S&P 500 added 0.8% and the Nasdaq Composite rose 0.8%. On Thursday, the crude oil prices stabilized after data released by the Energy Information Administration showed U.S. crude-oil inventories fell more than expected for the most recent week. Energy stocks in the S&P 500 rose 0.7%, reclaiming some of their earlier losses.

U.S. stocks rose to fresh highs Friday as the global economy and corporate profits are showing signs of strength. The gains in the U.S. came after a jobs report many analysts believe was solid enough for the Federal Reserve to raise interest rates later this month, but also suggested that the central bank would maintain a cautious pace of increases. The Dow industrials rose 0.3% Friday. The S&P

500 added 0.4% and the Nasdaq Composite climbed 0.9%, to 6305.80. All three indexes posted a second consecutive week of gains, with the Dow up 0.6% in the latest week, the S&P 500 up 1% and the Nasdaq Composite up 1.5%.

## Major Indexes

The Dow Jones Industrial Average (**DJIA**) climbed 0.6% this week to close at 21,206.29, a new all-time high. The blue-chip index has now closed above the 21,000 mark for six consecutive trading days, so it seems that this psychological barrier has been defeated. We will have to wait to see if round-number support develops there. Below that is the 50-day moving average at 20,810.53.

The S&P 500 Index (**SPX**) added 1.0% this week to close at 2,439.07, also a new all-time high. The large-cap index has closed above the 2,400 mark for six consecutive days so it, too, seems to have conquered a psychological barrier. Again we will wait to see if support develops at the 2,400 level. Below that is the 50-day moving average at 2,377.51.

This week, eight of the 10 S&P Sector SPDRs posted gains. Health care (**XLV**) was the strongest sector this week, adding 2.0%. Materials (**XLB**) also posted a strong week, gaining 1.74%. Energy (**XLE**) returned to its losing ways, dropping 2.3% this week. Financials (**XLF**) were also down this week, dipping 0.7%.

The broad market Wilshire 5000 (**W5000**) gained 1.0% this week, climbing to 25,345.27. This, too, was a new all-time high for the index. The index has closed above the 25,000 level for six straight sessions, but we aren't ready to look to it for round-number support. The 50-day moving average stands at 24,754.44 and may offer initial support.

The tech-heavy Nasdaq Composite (**COMP**) rallied 1.5% this week to close at 6,305.80. Not to be outdone by its compatriots, the index also posted a new all-time high. After offering some near-term resistance, we will wait to see if support develops around 6,200. Below that is round-number support at 6,000 and the 50-day moving average at 6,014.33.

The Russell 2000 (**RUT**) index of smaller stocks jumped 1.7% this week to 1,405.39. This is the first time since May 1 that the index closed above 1,400 and is less than 1% below its all-time high close of 1,419.43. The index also moved above its 50-day moving average this week. It is too early to tell if 1,400 will turn into near-term support, along with the moving average, which is at 1,380.04. Below those levels is possible support around 1,340.

The CBOE Volatility Index (**VIX**) ticked downward 0.6% this week to 9.75. This is the fourth-lowest close for Wall Street's "fear gauge" since 1993.

## **Computerized Investing Market Dashboard Indicators**

This week, one of the CI Market Dashboard Indicators triggered a new bullish signal, switching from bearish. Another indicator saw its signal switch from bearish to neutral. A third indicator triggered a new bullish 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**.

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>