

Bulls Retreat During Mixed Week

Weekly Market Summary

U.S. stocks struggled to find direction this week, with some of the major indexes moving in a tight range while still eking out new all-time highs. Meanwhile, technology suffered through its worst slump in several months and consumer staples companies were rocked at the end of the week by the surprising news that Amazon.com (**AMZN**) was buying Whole Foods (**WFM**).

Monday marked the worst two-day stretch of 2017 for the Nasdaq Composite. The tech index closed with a 2.3% decline from last Friday's and Monday's trading. Some investors and traders are wondering if the run in the sector, which has outpaced the broader market so far this year, is ripe for a correction.

Tuesday had the opportunity to be a volatile day in the market, as Attorney General Jeff Sessions testified before Congress about alleged Russian meddling in the 2016 presidential election. However, stocks seemingly shrugged off Sessions' vehement denials. The brief tech slump ended on Tuesday, as the Nasdaq Composite outpaced its compatriots by adding 0.7%. The same day, the Dow notched a new record high and the S&P 500 closed at a new record close.

On Wednesday, all eyes turned to the Federal Open Market Committee (FOMC), which as expected lifted interest rates for the second time this year. In a post-meeting press conference, Fed Chair Janet Yellen said the economy is on the path to achieving the current 2% inflation target. The Fed also signaled its intention to raise interest rates one more time this year. In response, the Dow hit a record high for the second day in a row. However, energy stocks plummeted along with crude oil futures, which in turn weighed on the S&P 500. An afternoon decline in tech stocks dragged the Nasdaq Composite into the red for the third session in four.

Thursday saw tech stocks weigh on the U.S. market. A sell-off in "FAANG" stocks (Facebook (**FB**), Amazon.com, Apple (**AAPL**), Netflix (**NFLX**) and Google (**GOOGL**) [Alphabet]) dragged the major indexes lower. Energy stocks also declined as crude oil futures fell to a seven-month low.

On Friday, the market awoke to news that Amazon.com was buying Whole Foods for \$13.7 billion. This sent consumer staples sector reeling. Although Amazon.com shares rose 2.7% in the news, a rarity for an acquiring company, the Nasdaq Composite fell again, notching its first two-week losing streak since the November elections. After trading in a narrow range all session, the Dow Jones

industrial average managed to notch a record closing high and its fourth straight weekly gain. The sell-off in consumer staples pressured the S&P 500, but it managed to end the day with a win.

Major Indexes

The Dow Jones Industrial Average (**DJIA**) added 0.5% this week to close at 21,384.28, a new record close. To the downside, we are still waiting to see if the 21,000 level offers round-number support. Below that is the 50-day moving average at 20,932.27 and additional round-number support at 20,000.

The S&P 500 Index (**SPX**) ticked upward by 0.06% and ended the week at 2,433.15. The index had traded between 2,415 and 2,445 for the last two weeks. We wait to see whether a breakout comes to the upside or downside. Currently, the 2,415 mark is offering support, while roughly the 2,445 level is short-term resistance. We look to the 2,400 mark for additional support and below that is the 50-day moving average at 2,393.18.

Once again, breadth in the market was decidedly negative this week, with only four of the 10 S&P Sector SPDRs posting gains. Industrials (**XLI**) and Utilities (**XLU**) were the strongest sectors this week, gaining 1.1% and 0.8%, respectively. Technology (**XLK**) was the weakest sector, shedding 1.4%, followed closely by consumer staples (**XLP**), which fell 1.3%.

The broad market Wilshire 5000 (**W5000**) slipped 0.11% this week to 25,266.61. It appears that near-term resistance is developing around the 25,400 mark. We look for initial round-number support at 25,000 and below that is the 50-day moving average at 24,912.79.

The tech-heavy Nasdaq Composite (**COMP**) fell 0.9% this week to 6,151.76, its first two-week losing streak since the November election. The index fell through support at 6,200, but once again the 6,100 support level held. Below that is the 50-day moving average at 6,085.58 and round-number support at 6,000.

The Russell 2000 (**RUT**) index of smaller stocks lost 1.1% this week to close at 1,406.73. Support at 1,400 help, however. Below that is the 50-day moving average at 1,388.88.

The CBOE Volatility Index (**VIX**) lost 3% this week and settled at 10.38.

Computerized Investing Market Dashboard Indicators

This week, one of the CI Market Dashboard Indicators triggered a new bearish signal, switching from bullish, while another triggered a new neutral, 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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