

Mixed week after busy earnings and economic calendar

The stock market had a mixed showing this week.



The S&P 500 (-0.8%) and Nasdaq Composite (-2.1%) logged declines since last Friday while the Russell continued its recent action, jumping 3.5% this week. The Dow Jones Industrial Average also higher, up 0.8%.

The underperformance of the S&P 500 and Nasdaq Composite was due to ongoing profit-taking activity in the mega cap and semiconductor spaces. The PHLX Semiconductor Index (SOX) declined 3.1% this week.

This price action followed earnings results from Alphabet (GOOG) and Tesla (TSLA) that did not live up to high expectations. GOOG logged a 6.0% loss and TSLA fell 8.1%.

Dow component Visa (V) was another standout this week after stirring concerns about economic growth prospects following an acknowledgment that lower-income consumers have slowed their spending. Visa shares ultimately closed flat on the week.

Only four sectors logged a decline -- communication services (-3.8%), information technology (-2.5%), and consumer discretionary (-2.3%) -- due to their mega cap components. Meanwhile, four sectors gained at least 1.0%. The materials (+1.4%) and utilities (+1.5%) sectors led the pack.

A drop in Treasury yields helped the positive bias this week. The 10-yr note yield fell four basis points to 4.20% and the 2-yr note yield dropped 12 basis points to 4.39%. This price action following a slate of economic releases this week, including the June Personal Income and Spending Report, which showed some fairly steady behavior in the PCE and core-PCE price indexes on a year-over-year basis and supported the market's belief that the Fed will cut rates in September.

The market was also reacting to news that President Biden exited the 2024 presidential race and endorsed Kamala Harris for the candidacy. The news garnered muted responses in the equity and bond markets. The 10-yr note yield settled two basis points higher at 4.26% and the 2-yr note yield settled one basis point higher at 4.52%.

- Nasdaq Composite: +15.6% YTD
- S&P 500: +14.5% YTD
- Russell 2000: +11.5% YTD
- S&P Midcap 400: +10.6% YTD
- Dow Jones Industrial Average: +7.7% YTD

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