

[What's New]

Stock Market Surges to Best Week of 2024 on Positive Economic Signals

The stock market saw its most robust performance of the year last week, driven by encouraging inflation data and signs of economic stability. Nvidia (NVDA) led the charge with a significant surge, while Tesla (TSLA) also made a strong recovery, reclaiming critical levels.

Fed Chief Powell at Jackson Hole

Federal Reserve Chairman Jerome Powell is scheduled to speak at the Kansas City Fed's Jackson Hole Economic Policy Symposium at 10 a.m. ET. His keynote speech will provide insights into the economic outlook and likely signal the Federal Reserve's next moves regarding rate cuts. With recent data pointing towards a soft landing for the economy, markets are anticipating a modest rate reduction of a quarter-point on September 18, followed by an additional 75-100 basis points by year's end. However, if Powell hints that rate cuts are not guaranteed, the market could react sharply.

Stock Market Rally

The ongoing stock market rally continued its recovery from the lows experienced on August 5, with the Dow, S&P 500, and Nasdaq all posting their strongest weekly gains of 2024. The Dow Jones Industrial Average rose 2.9% in last week's trading, while the S&P 500 surged 3.9%, and the Nasdaq composite jumped 5.3%. The Russell 2000 index also climbed 2.9%. All of these indexes are now trading above their 50-day moving averages.

A temporary pause in the rally would not be surprising from a technical standpoint, especially given the significant gains from the August 5 low. With Federal Reserve Chair Powell's Jackson Hole speech and Nvidia's upcoming earnings report on the horizon, the market may experience some caution. Such a pause would also allow stocks to solidify their bases and develop stronger technical patterns.

The 10-year Treasury yield dipped by five basis points to 3.89%, while the two-year yield increased by 10 basis points to 4.06%. As recession fears ease, aggressive bets on rate cuts have diminished, though the cooling inflation continues to exert downward pressure on long-term Treasury yields. U.S. crude oil futures declined by 19 cents, settling at \$76.65 per barrel last week.

ETFs

In the realm of growth ETFs, the iShares Expanded Tech-Software Sector ETF (IGV) climbed 3.7%, while the VanEck Vectors Semiconductor ETF (SMH) soared 9.7%, with Nvidia being its top holding. Among speculative stocks, ARK Innovation ETF (ARKK) rose 6.3% last week, and ARK Genomics ETF (ARKG) rebounded by 7.1%. Tesla remains a key holding across Ark's ETFs, with Meta being an even larger position. Cathie Wood has also significantly increased her stake in Nvidia.

The SPDR S&P Metals & Mining ETF (XME) and SPDR S&P Homebuilders ETF (XHB) each advanced by 2%. The Energy Select SPDR ETF (XLE) gained 1.2%, while the Health Care Select Sector SPDR Fund (XLV) rose 1.9%. The Industrial Select Sector SPDR Fund (XLI) increased by 2.2%, and the Financial Select SPDR ETF (XLF) rallied by 3.2%.