

[What's New]

Stock Market Continues Rally as Dow and S&P 500 Reach Record Highs, Nasdaq Breaks Out from Key Level

Stock Market Rally Recap

The stock market saw moderate but meaningful progress last week, continuing its positive momentum following two robust weeks of gains. Both the Dow Jones and S&P 500 achieved record highs, while the Nasdaq crossed the 18,000 marks. On Thursday, the Nasdaq solidified its up trend, and the S&P 500's rising trend held steady without significant pressure.

During last week's trading, the Dow Jones Industrial Average increased by 0.6%, matching the S&P 500's performance with an identical gain of 0.6%. The Nasdaq composite outperformed slightly, adding 0.95%. Meanwhile, the small-cap Russell 2000 slipped 0.1% but managed to recover with a 0.7% increase on Friday.

Chinese stocks were notable movers as the central bank lowered several interest rates and eased reserve requirements for banks. Reports suggesting that Beijing may inject capital into banks fueled the rise. Hong Kong's Hang Seng Index soared by 13%, marking its largest weekly jump since 1998, with Alibaba shares surging nearly 20%.

In the bond market, the 10-year Treasury yield ticked up by 2 basis points to 3.75%. Meanwhile, U.S. crude oil prices dropped by 4%, settling at \$68.18 per barrel.

ETF Performance Overview

Among growth-oriented ETFs, the iShares Expanded Tech-Software Sector ETF (IGV) recorded slight gains, while the VanEck Vectors Semiconductor ETF (SMH) jumped by 4.1%. Nvidia remains the largest holding in SMH, with Taiwan Semiconductor and Broadcom also being significant components.

In more aggressive growth funds, the ARK Innovation ETF (ARKK) advanced 2.1% for the week, while the ARK Genomics ETF (ARKG) dropped 2.4%. Tesla continues to be a key asset within Ark's portfolios, with Ark building a notable position in Nvidia (NVDA) and holding a small stake in BYD as well.

The SPDR S&P Metals & Mining ETF (XME) was up by 6.3%, and the U.S. Global Jets ETF (JETS) gained 5.3%. The SPDR S&P Homebuilders ETF (XHB) climbed 1.7%.

Conversely, the Energy Select SPDR ETF (XLE) slid by 1.8%, while the Health Care Select Sector SPDR Fund (XLV) fell by 1.5%. The Industrial Select Sector SPDR Fund (XLI) rose 1.2%, and the Financial Select SPDR ETF (XLF) dipped 1.1%.

Market Technicals

Following the previous week's breakout to new highs, there was a minor pullback last week, which ultimately led to a successful retest of the 5670 breakout level for the S&P 500 (\$SPX). New intraday and closing all-time highs continued to be set, confirming the strength of the breakout with supportive price movements.

The 5670 level now acts as a solid support zone, with some arguments suggesting that support may extend down to the 5560 range. However, any move back below 5670 could raise concerns. A drop beneath 5560, though not anticipated in the near term, would signal a potentially bearish shift, casting doubt on the recent breakout's legitimacy.

Market breadth has been reasonably strong, with breadth oscillators maintaining buy signals. Although they are in overbought territory, this is typically not a cause for concern during new highs in the S&P 500.

The VIX volatility index has yet to break below its 200-day moving average, currently at 14.90 and trending upward. Despite the ongoing rally, the VIX has remained above the 15 mark.