

Tech Stocks Lead Monday's Market Rally

What a difference a week makes! We have been watching the broad equity market (S&P 500) battle to reclaim its 50-day moving average for the last three weeks. It has moved above and below that important technical level multiple times, with the most recent close above it being October 7. Since then, buyers stepped in with a vengeance and the S&P 500 is now up nearly 4% on the back of big tech. Apple was up more than 6% today. A test of the broad markets' all-time high on September 2 seems imminent.

I noted last week that we were seeing some outperformance by small and mid-caps, and that is always a good sign as it indicates an increasing appetite for risk. Interest rates remain below resistance with the 10-year Treasury note at 77 basis points. Low interest rates, coupled with the expectation of improving earnings provides a "Goldilocks" scenario, whereby stocks can move higher. This could also (in part) be a result of some pricing in of a new stimulus package as President Trump tries to turn the tide in his re-election campaign. I said last week that the glass was at least half full. It is getting a lot fuller as we speak.

Last week's market commentary can be found [here](#).

Key terms:

Basis points (BPS) refers to a common unit of measure for interest rates and other percentages in finance. One basis point is equal to 1/100th of 1%, or 0.01% (Investopedia.com).

A Goldilocks economy is not too hot or too cold but just right—to steal a line from the popular children's story *Goldilocks and the Three Bears*. The term describes an ideal state for an economic system (Investopedia.com).



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