S&P 500 CLOSES ABOVE 5000 FOR THE FIRST TIME EVER

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Stocks have been repeatedly breaking records since early January, as economic data has continued to beat expectations, extending a trend that began in 2023.

With job creation at a pace accompanying expansion cycles in recent decades, unemployment at a 50-year low, the 12- month inflation rate near the Federal Reserve Board’s 2% target, and wage inflation weakening, the outlook for growth is stronger than expected.



For example, the 60 economists surveyed in early January by the Wall Street Journal predicted a slowdown ahead, but no recession. Compared to the 3.3% U.S. growth rate experienced in the fourth quarter, the WSJ consensus forecast called for 0.94% growth in the first quarter of 2024 and 0.55 in the second quarter.

However, with the release Monday, Feb 5 of the Institute of Supply Management survey of purchasing managers in the service sector of the economy, which accounts for 89% of U.S. growth and 91% of job creation, a sharp slowdown is unlikely. The purchasing managers reported business activities in the service sector shot from 50.5% in December to 53.4% in January. In addition, ISI’s index of new orders coming into the pipeline in the weeks ahead rose to 55%, indicating an increase in activity in February is likely underway.



The Standard & Poor’s 500 stock index closed Friday at 5026.61, up +0.57% from Thursday, and up + 1.37% from a week ago. The index is up +124.66% from the March 23, 2020 bear market low.

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