



SCHAEFFER'S WEEKLY MARKET RUN-DOWN

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Stocks Set to End Quarter Strong, Despite Recent Trump Headwinds

5-Minute Market Run-Down for the Week Ending: March 31, 2017

Stocks started the week right where they left off last Friday -- trading lower in reaction to a failed repeal of Obamacare. This sparked fear over President Donald Trump's ability to follow through on several legislative promises, including tax reform and infrastructure, the latter of which turned up the heat on several steel stocks, including AK Steel Holding Corporation (NYSE:AKS). In fact, the Dow logged its longest daily losing streak in six years on Monday, though this could suggest a decent out-performance over the next few months.

Apple Stock Boosts Nasdaq to Record-High Close

Nevertheless, surging oil prices helped stock markets erase these losses as the week wore on -- and brought this pair of energy ETFs into focus -- while Apple Inc.'s (NASDAQ:AAPL) impressive price action buoyed the Nasdaq Composite (COMP) to its loftiest close to date. Although the Dow is on track to settle March at a loss, all three major benchmarks are poised to close out the first quarter with impressive gains -- with the S&P 500 Index (SPX) on track for its longest quarterly win streak since 2014.

Skepticism Ramps Up Toward Bouncing Bank Stocks

A big bounce for bank stocks amid hawkish Fed chatter also boosted investor sentiment. Though Trump-related concerns weighed on financial shares early in the week, the Financial Select Sector SPDR Fund (XLF) is still on track for a weekly win. However, there are signs that skepticism is starting to build toward the sector that has

benefited handsomely from the post-election [Trump rally](#). For instance, big-cap bank stock Bank of America Corp (NYSE:BAC) has seen a notable rise in [put buying](#) in recent weeks, while sector peer [Citigroup](#) Inc. (NYSE:C) found itself in the bearish cross-hairs of analysts.

Amazon, Facebook Shares Explore Uncharted Territory

Tech stocks were also on the radar, as the COMP outpaced its counterparts -- and is currently flirting with a nearly 10% quarterly gain. While sector heavyweight [AAPL stock](#) swung more than 2% higher on the week to explore uncharted territory, Alphabet Inc. (NASDAQ:[GOOGL](#)) managed to brush off a negative analyst note, last seen up 1.5% week-to-date. Elsewhere, fellow FANG stock [Amazon](#) hit its highest perch to date, after MKM Partners called the e-commerce concern "the best long-term growth story available to investors today." [Facebook](#) Inc. (NASDAQ:FB) also explored record highs following some bullish brokerage attention -- which also helped boost these two outperforming [semiconductor stocks](#).

Biotechs Among Top Stocks to Own in the Second Quarter

Even with major U.S. benchmarks trading at such elevated levels, there are plenty of buying opportunities to be found -- especially as we enter the final stretch of one of the [best times to buy stocks](#). Specifically, data from Schaeffer's Senior Quantitative Analyst Rocky White showed the [top stocks to own](#) in the second quarter have historically been in the drug and biotech sphere -- good news for embattled Valeant Pharmaceuticals Intl Inc. (NYSE:VRX), or [Bill Ackman](#)'s "huge mistake." However, the same cannot be said for [retail stocks](#), particularly shares of Kohl's and Target, which have historically under-performed in the three-month period. Additionally, these 10 S&P components have been the [worst April stocks](#) in the past decade.

Low Volatility Levels Translate Into Prime Options Buying Opportunity

Plus, with volatility at historically low levels -- and the CBOE Volatility Index ([VIX](#)) retreating from last week's short-lived post-expiration pop -- several stocks have short-term options that are attractively priced. Among those worth a second look are [Barrick Gold](#) Corp. (USA) (NYSE:ABX), [Cree](#), Inc. (NASDAQ:CREE), and [VMware](#), Inc. (NYSE:VMW). Looking ahead to next week's schedule, there is plenty of action on the economic front to spark some volatile price action -- namely the highly anticipated release of the [Fed's March meeting](#) minutes, as well as the non-farm payrolls report on Friday.

Saturday, April 1, 2017

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