

# USA Market Outlook - 2 February 2023

Stocks moved sharply higher late in the trading session on Wednesday, as traders reacted positively to the Federal Reserve's monetary policy announcement. With the upward move, the Nasdaq and the S&P 500 reached their best closing levels in four months.

The major averages all finished the day in positive territory, although the Dow inched up just 6.92 points or less than a tenth of a percent to 34,092.96. The Nasdaq surged 231.77 points or 2.0 percent to 11,816.32, while the S&P 500 jumped 42.61 points or 1.1 percent to 4,119.21.

The late-day rally on Wall Street came even as the Federal Reserve announced its widely expected decision to raise interest rates by another quarter point and signaled further rate hikes.

Semiconductor stocks turned in some of the market's best performances on the day, with the Philadelphia Semiconductor Index spiking by 5.2 percent to a five-month closing high.

Chipmaker Advanced Micro Devices (AMD) helped lead the sector higher, skyrocketing by 12.6 percent after reporting better than expected fourth quarter results.

Substantial strength was also visible among transportation stocks, as reflected by the 3.8 percent surge by the Dow Jones Transportation Average.

Activity in the U.S. manufacturing sector contracted for the third consecutive month in January, the Institute for Supply Management revealed in a report released on Wednesday.

The ISM said its manufacturing PMI dipped to 47.4 in January from 48.4 in December, with a reading below 50 indicating a contraction. Economists had expected the index to edge down to 48.0.

The employment index also edged down to 50.6 in January from 50.8 in December, although the reading above 50 indicated continued job growth.

Meanwhile, the prices index climbed to 44.5 in January from 39.4 in the previous month, indicating a slower pace of contraction.

The ISM is scheduled to release a separate report on service sector activity in the month of January on Friday. The services PMI is expected to inch up to 50.3 in January from 49.6 in December.

The decision to continue raising interest rates comes as the Fed seeks to achieve its dual goals of maximum employment and inflation at the rate of 2 percent over the longer run. The central bank also pointed out that job gains have been robust in recent months and the unemployment rate has remained low.

Top Gainers		
Name	Last Price (\$)	%Change
Advanced Micro Devices Inc.	\$84.64	12.63%
Old Dominion Freight Line Inc.	\$367.62	10.32%
Stryker Corp.	\$278.95	9.91%
CarMax Inc.	\$75.84	7.65%
Monolithic Power Systems Inc.	\$457.77	7.32%

Top Losers		
Name	Last Price (\$)	%Change
WestRock Co.	\$34.27	-12.67%
Electronic Arts Inc.	\$116.76	-9.26%
Chubb Ltd.	\$213.44	-6.18%
Match Group Inc.	\$51.41	-5.01%
IDEX Corp.	\$227.73	-4.99%

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