Well, Didn't We See That Coming?

Investors might have breathed easier on last Friday - not due to improving markets, but simply because trading was taking a break for Good Friday. Given recent market antics, staying closed might just be the smartest strategy.

Markets endured another turbulent week, whipped around once more by tariff headlines that had traders reaching nervously for antacids. Tech stocks stumbled sharply following fresh restrictions on chip exports, and Federal Reserve Chair Jerome Powell politely declined any plans for heroic interventions amid the chaos. The day's economic news offered little distraction; initial jobless claims pleasantly surprised analysts, dropping to a robust 215,000 and highlighting the labor market's stubborn strength. Additionally, oil prices, often seen as an economic weathervane, finally halted their two-week downward skid.

Yet, the week's broader bruising could not be undone. The Nasdaq Composite ended down 2.6%, seemingly securing its place as the week's biggest loser—until the Dow Jones Industrial Average crashed the party on Thursday, falling 2.7% overall. Meanwhile, the S&P 500 gave up 1.5% this week.

In Thursday's peculiar twist, the Dow dropped 1.3%, yet the S&P 500 managed to inch upward by 0.1%. United Health, a Dow heavyweight, had its worst performance in 25 years, plunging over 22% following weak earnings and a gloomy outlook for the year Curiously, this health sector disaster did not spread far. XLV, the health sector ETF dipped by less than 1% for the day, cushioned significantly by Eli Lilly’s impressive 14% surge. It was since Lilly's weight-loss pill, orforglipron, completed its Phase 3 trial, matching effectiveness with other popular GLP-1 medications like Novo Nordisk’s injectable Ozempic. Given the choice between pills and needles, investors clearly sided with the former, boosting Lilly while sending Novo shares downward.

Not all was rosy, though. Nvidia continued its downward spiral, marking nearly a 25% drop from the year's start. Other chipmakers Advanced Micro Devices, Broadcom, and Micron Technology also felt the pain from tightened export controls.

Other than Tech stocks, there are still spots with silver linings, particularly among medical equipment manufacturers, Gold, Gold related mining stocks and dividend-rich stocks such pipeline operators, suggesting that savvy investors might find gems hidden in the rubble.

Spring may officially be in bloom, with Passover and Easter marking seasonal renewal, but for now, the markets remain stubbornly stuck in the chill of trade-war winter.

Performance Recap (Week Ending 4/18):

The performance of the major US indices last week was as follows:

Index	Thursday (4/17)	Weekly	Monthly	YTD	1-Year
S&P 500	+0.13%	+0.28%	-6.91%	-10.18%	+5.19%
Dow Jones Industrial	-1.33%	-1.14%	-6.45%	-8.00%	+3.68%
Nasdaq 100	0.00%	-0.47%	-7.84%	-13.11%	+4.37%
Nasdaq Composite	-0.13%	-0.62%	-8.55%	-15.66%	+3.85%
Russell 2000	+0.82%	+2.63%	-9.03%	-15.42%	2.27%

Small sticks (Russell 2000) led the week ahead of the Good Friday holiday, but it seems to be more like a highly oversold mean reversion rally rather than a strength-based move which demands a lot of work to be done to arrest its decline starting in last November. Dow Jones retreated amid a 24.25% slump in its highest weighted stock UNH (DOW is a price-based index hence higher the price, more weight a stock will have in it). S&P 500 this past week signaled a "death cross", a trading term when the 50-day moving average fell below the 200-day moving average – the first from March 2022. Typically, the S&P 500 heads lower after a death cross occurs on its chart before markets finally stage a bottom and move back.

Are we going to see another bottom? There are no guarantees, but overall weak consumer sentiments, a declining dollar, and an unresolved trade conflict between the US and its trading partners may impact equities further. S&P 500 although it ended Thursday and the week positively, it does not show a convincing attempt and hence the market still faces the risk of another leg down if any bad news comes up. When VIX is this high, then any unexpected or bad news could drive the market further down. On the other hand, for long-term investors, death crosses may not matter much as indexes typically rise over time.

Sector Performance and ETF Carnage:

S&P 500 sector performance last week was as follows:

Sector	Weekly Performance	Last One Month
Staples (XLP)	+3.18%	+2.03%
Energy (XLE)	+5.87%	-9.93%
Real Estate (XLRE)	+5.39%	-3.49%
Discretionary (XLY))	-1.33%	-5.63%
Financials (XLF)	+1.61%	-4.63%
Utilities (XLU)	+1.47%	-1.11%
Materials (XLB)	+3.29%	-6.81%

Sector	Weekly Performance	Last One Month
Health Care (XLV)	+0.44%	-7.33%
Industrials (XLI)	+1.47%	-5.46%
Communications (XLC)	-0.32%	-6.98%
Technology (XLK)	-0.78%	-10.32%

Once again, the three aggressive S&P 500 sectors (Communications, Tech and Discretionary) were the underperformers while the leading groups were defensive in nature (Staples, Real Estate, Utilities) followed by a rebound in Energy. This shows continuous flight among investors towards safe players at the cost of aggressive growth stocks such as Magnificent 7 stocks, all of which are underperforming the broader S&P 500 index. Materials have been showing continuous strength amid record levels shown by Gold and correspondingly the gold miners (represented by its ETF GDX). While the VIX (market volatility index) closed below 30, it remains at relatively high levels. Unless it drops below 17, it cannot be concluded that the market has reached its recent bottom.

Important Events next week:

Important economic events planned for the upcoming week are:

Monday (04/21): US Leading Index (Mom) (Mar)
Wednesday (04/23): S&P Global Manufacturing index PMI (Apr), S&P Global Composite PMI, S&P Global Services PMI
Thursday (04/24): Initial Jobless Claims. Durable Goods orders (MoM), Existing Home Sales
Friday (04/25): Michigan Consumer Sentiment

Important Earnings this week:

Important earning announcements scheduled for this week are:

Tuesday (04/22): Chubb (CB), Quest Diagnostics (DGX), GE Aerospace (GE), Intuitive Surgical (ISRG), Lockheed Martin (LMT), 3M (MMM), SAP (SAP), Tesla (TSLA), Verizon (VZ)
Wednesday (04/23): Boeing (BA), Boston Scientific (BSX), GE Vernova (GED), General Dynamics (GD), IBM (IBM), Newmont (NEM), ServiceNow (NOW), O'Reilly Automotive (ORLY), AT&T (T), Texas Instruments (TXN), Penumbra (PEN)
Thursday (04/24): Molina Healthcare (MOH), Agnico-Eagle Mines (AEM), Alphabet (OOGL), Intel (INTC), Pepsi (PEP), T-Mobile (TMUS)

Strategy Moving Forward:

Although Friday's market upswing suggested optimism, low trading volumes indicate vulnerability, increasing the likelihood of a reversal. Investors should maintain vigilance and avoid speculative positions. Prioritize robust stocks exhibiting clear relative strength signals and monitor for definitive signs of sustainable market recovery.

Meanwhile, recent tariff developments—including exemptions on semiconductors, smartphones, and chips—are expected to benefit key technology firms, notably semiconductor producers and Apple, by reducing immediate trade pressures. However, the latest news is that Commerce Secretary Lutnick told media that the reprieve is temporary which could result in a choppy action in the market between high volume nodes as the future direction is not clear.

Long-Term Stock Picks:

Our long-term stocks are those in which we have the conviction that they have strong business fundamentals and enjoy moats in their respective industries; hence the chances of long-term profits are high.

NVDA:	Nvidia took a 5.5 billion USD charge on export of its H20 chips spreading a selling wave among the chip manufacturers. We think that with its current price action, the stock has a very good chance of going towards its recent low of 97.5 and even lows of 90. We still think that any pullback in Nvidia could provide **a suitable entry** for dip buyers and aggressive investors looking for a quick 10-15% profit on short living rallies.
AAPL:	Apple's iPhone sales and production in China are affected by the US-China trade war due to retaliatory actions from both governments. It failed at overhead resistance and now risk falling further below the recent lows. Although it is still a long-term leader, we do not suggest taking an entry at these prices in Apple.
COST:	As mentioned last week, Costco along with some other retail giants like BJ is among some of those stocks which were resilient to current market correction. Any pullback to its 200-day EMA (currently at 961) or lower Bollinger band at 900 could provide **an entry** for investors in this long-term leader.

Interesting Stocks for Actions and Watchlist:

Gold hit another high along with gold miners ETF GDX. But as mentioned last week, we expect some profit-taking to kick in and cause some cooling off. Any move back to its 20-day EMA will provide an entry.

PEN: Penumbra (a medical device manufacturer) consolidated recently and created a double bottom base ahead of its earnings on 4/23. It has a buy signal on our daily TR Indicator and a suggested buy point at 288.57. If on earnings, it moves past this point volume then it will be a **buy** signal.

T: AT&T stock is showing strong relative strength relative to S&P 500 recently and is in buy range before its earnings on 4/23 (Wednesday). We think that any pullback to its 50-day EMA could be a trigger point for investors seeking dividends (currently 4.09%) as well.

Recently Picked Stocks:

SMH:	Since SMH (semiconductors ETG) could not hold the 200 level, any possible entry is off the table till the semiconductors group starts showing the positive signs of recovery.
ATGE:	We picked up ATGE two weeks ago and it justified our selection with a 2.18% weekly gain. Although a bit extended **it is still actionable** and a pullback to the 20-day EMA at 102.71 will provide a better entry point.
GDX:	Besides pulling off on Friday, the Gold Miners ETF scored another high last week with a 2.45% gain. We have been highlighting gold and gold miners for the last 2-3 months as they are continuously outperforming the broader market. It is suggested to take some profits if not taken and let the rest of the position run as it can further cool down to absorb gains.
MPLX/HESM:	MPLX and HESM were a huge gainer last week with 5%+ gain each. Both providing good dividend income (7% and above) and long-term investors could hold them for continuous stream of income.
BABA:	Ali Baba gained 1% last week besides the on-going tensions between US and China. Again, in the long run, we think it could be a good point for aggressive investors who could take a small position (10-30% only of normal size due to market sentiments) as BABA is one of the Chinese stocks which are likely to continue their upward journey because of its AI initiatives and economies of scale.
GLDM:	Gold gained another 2.77% last week as it continues to march higher. At current levels gold seems a bit extended and could pull down to test its 20-day EMA line again. However, it is likely to remain attractive amid investors' exit from riskier assets and flight to safe heavens.
ETR/NI:	ETR and NI gained approximately 2% each last week and continuously showing resilience in the current market justifying their selection as steady income generators. Both have regained their key moving averages and could consolidate at current levels before moving ahead. It was mentioned last week that it was time to reduce position size and secure some profits from these two utility players. If not done so, then there is still time to do so. These two utility stocks are expected to outperform growth stocks until the market improves for growth and aggressive stocks.

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