Investors shifting gears but remain on an edge!!!

The U.S. stock market came roaring back last week, putting on an impressive show just when investors were bracing for more pain. By the end of April 25, 2025, the S&P 500 jumped 4.6%, the Nasdaq sprinted ahead by 6.7%, the Dow added 2.5%, and small caps (Russell 2000) rose 4.1%. Tech giants delivered big earnings beats, tariff tensions briefly cooled, and the market partied like it was 2019 again.

But before anyone pops the champagne — it is worth asking: is this really the real deal, or just another sucker’s rally before another dip?

The short-term boost came courtesy of President Trump hitting "pause" on a fresh wave of tariffs — a 90-day breather that gave Wall Street a reason to breathe easier. Unfortunately, that breather was short-lived; tariffs on Chinese goods were hiked to a whopping 145%, and Beijing punched back with 125% tariffs on U.S. imports. Translation? Trade tensions are alive and ready to stir more market chaos.

To be fair, some technical signs look bullish. The rare "Zweig Breadth Thrust" signal flashed green, historically a bullish omen. The VIX — Wall Street’s “fear gauge” — tumbled, our favorite ratio (Discretionary vs. Staples sectors rose for four consecutive days suggesting investors have put their panic attacks on hold and are in a risk on mood. On the other hand, strong earnings from names like Alphabet and ServiceNow also helped pour gas on the fire and supported the rally.

While easing trade rhetoric helped lift investor sentiment, economic fundamentals tell a more cautious story. Morningstar recently downgraded US GDP growth forecasts significantly, reflecting the drag from tariffs and ongoing uncertainty. Consumer sentiment remains weak, with expectations still elevated, posing risks to spending and corporate profits. These factors suggest that the economic backdrop remains challenging despite the market’s recent optimism.

In summary, last week’s market rally provides a welcome respite but should be approached with cautious optimism. Investors may increase modest exposure to equities (from 0-20% to 40-50% of their position sizes) while keeping dry powder to navigate potential volatility ahead. The sustainability of this recovery will hinge on concrete progress in trade talks, continued earnings strength, and clearer economic signals. Until then, the market’s recent gains may prove more of a temporary reprieve than a sustained turnaround.

If you are still sprinting after high-flyers without a plan to lock in gains or manage risk — don’t be surprised if you get rug-pulled. In markets like this, smart money rides the wave… but they always know where the exit doors are.

Performance Recap (Week Ending 4/25):

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

Index	Friday (4/25)	Weekly	Monthly	YTD	1-Year
S&P 500	+1.26%	+4.59%	-4.35%	-6.06%	+9.44%
Dow Jones Industrial	+0.05%	+2.48%	-5.81%	-5.71%	+5.32%
Nasdaq 100	+1.14%	+6.43%	-4.22%	-7.52%	+11.49%
Nasdaq Composite	+1.26%	+6.73%	-4.86%	-9.98%	+11.35%
Russell 2000	+0.03%	+4.10%	-6.54%	-11.95%	-0.07%

Stocks kept the momentum going Tuesday, fueled by hopes around Trump's tariff talks, strong earnings beats, and an upbeat tone across markets. Gains piled on throughout the week (except for Monday), with a wave of stocks flashing buy signals and many others setting up for potential breakouts. Treasury yields edged lower, while Bitcoin staged a strong rally.

The S&P 500 and Nasdaq both reclaimed their 21-day moving averages, signaling strength. Nasdaq led the pack, adding 1.3% Friday and locking in an impressive 6.7% gain for the week. Although it is still trading below its 50-day line, it is now comfortably above its 21-day exponential moving average, cutting its year-to-date loss to 10% and bouncing 18% from recent lows.

The S&P 500 rose a milder 0.7% Friday but secured its fourth straight day of gains, climbing 4.6% for the week. It has now trimmed its 2025 losses to 6.1%, officially moving out of correction territory.

Winners slightly outpaced losers on both the NYSE and Nasdaq, though volume came in lower on both exchanges. The Dow Jones inched up by 20 points, or 0.1%, capping a respectable 2.5% gain for the week. Meanwhile, small caps lagged — the Russell 2000 finished Friday flat and remains below its 21-day line, despite rallying more than 4% over the past five sessions.

Friday's action added another layer of confidence: the S&P 500 and Nasdaq both pushed further above their short-term moving averages, with Friday's lows holding well above critical support.

Given the strong follow-through, it is reasonable for investors to start boosting exposure but stay light on your feet — being nimble and watching closely for any signs of market weakness or sell signals will be key as this rally matures.

Sector Performance:

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

Sector	Weekly Performance	Last One Month
Technology (XLK)	+8.09%	-4.52%
Discretionary (XLY)	+6.58%	-4.04%
Communications (XLC)	+4.60%	-5.58%
Industrials (XLI)	+2.96%	-4.07%
Financials (XLF)	+2.94%	-4.78%
Materials (XLB)	+2.32%	-4.51%
Health Care (XLV)	+1.89%	-4.97%
Energy (XLE)	+1.09%	-11.63%
Utilities (XLU)	+0.57%	+1.68%
Real Estate (XLRE)	+0.20%	-1.91%
Staples (XLP)	-1.26%	+2.75%

Technology stocks led the charge last week, surging as optimism around AI and strong earnings propelled the sector to near 8% gains. Communication services and consumer discretionary sectors also outperformed, fueled by robust subscriber growth and expectations of improved future performances in electric vehicle and digital advertising stocks. Meanwhile, consumer staples, Real Estate and Utilities lagged, reflecting investors' preference and capital rotation from defensive to aggressive market areas. As the equities rebounded, Gold retreated after hitting an all-time high on Tuesday, which was expected after a 27% rise in gold prices this year only. Gold is likely to find support near its key moving averages due to continuing global demand for precious metal.

Financials, Materials and healthcare also posted gains, highlighting broader divergent investor sentiments and improvement in market breadth. Despite upward revisions to earnings forecasts, the leadership-centered on AI and consumer tech-left the broader market exposed to risks from trade policy shifts or earnings disappointments in key growth sectors.

Important Events next week:

Important Economic events scheduled for the upcoming week are:

Tuesday (04/29): CB Consumer Confidence (Apr), JOLTS Job Openings (Mar), Atlanta Fed GDPNow (Q1)
Wednesday (04/30): ADP Nonfarm Employment, GDP, Chicago PMI, Core PCE Price Index (MoM and YoY), Pending Home Sales (Mar)
Thursday (05/01): Initial Jobless claims, ISM Manufacturing PMI (Apr)
Friday (05/02): Nonfarm Payrolls (Apr), Unemployment Rate (Apr)

Important Earnings this week:

Nearly one-third of S&P 500 index companies are reporting next week the busiest week on the first quarter earnings calendar:

Monday (04/28): Cadence Design (CDNS)
Tuesday (04/29): Coca-Cola (KO), Visa (V), Spotify (SPOT)
Wednesday (04/30): Meta platforms (META), Microsoft (MSFT)
Thursday (05/01): Amazon (AMZN), Apple (AAPL), Eli Lilly (LLY)
Friday (05/02): Chevron (CVX), ExxonMobil (XOM)

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:	We became bullish on Nvidia once again when it moved below 100 and then roared back above 100 on Wednesday. Our readers were also informed about our pick and since then it gained 9% to close the week at 102. Nvidia is likely to face some resistance around 115 but if the rally persists, Nvidia could move past this level. For another entry, it is suggested to wait and watch for a favorable price action.
AAPL:	Apple is reporting this week, and all eyes will be on its future guidance and strategies amid difficult tariff related situation. Apple has already announced its plans to move iPhone production to India meanwhile European Union have made a huge fine on Apple due to non-compliance with its standards. While uncertainty remains high, we think Apple will come out of this difficult situation and is still a long-term leader. However, we would like to wait till its earnings and then find a suitable point for re-entry.
COST:	Costco lost 1.74% last week as it is consolidating below 1000 level as it found support at its 20-day EMA. Any pullback to its 200-day EMA (915) or lower Bollinger band at 910 could provide **an entry** for investors in this long-term leader.

Medium- and Short-Term Picks:

These are newly picked stocks which have come out of bases during recent market correction.

GOOGL:	Alphabet gapped up on its earnings but could not clear its 50-days EMA and closed just below it. Any further dip to 159-160 will likely get support (gap closure) and google seems likely to move back above the 200-days EMA line. Suggesting a smaller position size as the market rally is still not confirmed.

CVX:	If you are an investor looking for a solid energy company with a solid dividend (4.7% annual dividend yield) and cash flow generation, then look at Chevron. This energy giant is closed to very strong long-term support and is likely to hold it. It is not a growth stock and is not likely to move quickly, however, with a rebound in energy space it could move back to its recent highs in the 160s (although not in the immediate future).
BYDDY:	We had BYDDY (BYD Automobiles China, ADR) previously in our medium-term list before the recent market correction. This Chinese company has been doubled its first quarter net income vs a year earlier topping Tesla for the first time. The stock is near record high and aggressive investors could take a position (again a smaller position) at the current level or if it moves beyond 109.20. In the long run, BYD is going to be the dominant player in the world EV market.
ZS:	Zscaler is one of the leading providers of cloud-based security solutions offering a full range of enterprise network security solutions**. A breakout above 216.49** will be bullish in nature and likely to push the stock to 260 range.

Interesting Stocks for Actions and Watchlist:

We mentioned last week that Gold is extended and due for a pullback which it did last week. It is close to its 20-day EMA and may get support around 300 (for GLD) after which it could resume its upward journey.

Recently Picked Stocks:

PEN:	Penumbra received attention last week, and following a favorable earnings report, its stock price increased by 8% within two days. Watch for a pullback to the 20-day EMA or a breakout above 310.
T:	AT&T stock is showing strong relative strength relative to S&P 500 recently and lost 1.25% during the week. We think that any pullback to its 50-day EMA could be a trigger point for investors seeking dividends (currently 4.14%) as well.
SMH:	SMH staged a rebound amid strength in semiconductors and roared back above 200 points with a 10.10% gain. Aggressive investors could act at current levels as it is likely to go up to 225 levels where some resistance is likely to be found.

ATGE:	ATGE lost 0.59% for the week but found support at its 20-day EMA as mentioned last week. It **is still actionable** and a pullback to the 20-day EMA at 102.92 will provide a better entry.
GDX:	The gold miners ETF lost 4.14% last week. We have been mentioning for the last couple of weeks that it is time to take some profits as it can further cool down to absorb gains.
MPLX/HESM:	MPLX was flat while HESM lost 0.46% last week after the previous week's hug gains. MPLX has sustained its 50-day EMA while HESM is just below it. Both providing good dividend income (7% and above) and long-term investors could hold them for a continuous stream of income. A pullback by MPLX to its 50-days line (51.57) could provide another **entry.**
BABA:	We mentioned last week that BABA is one of the Chinese stocks which are likely to continue their upward journey because of its AI initiatives and economies of scale. Baba gained 10.48% and proved our opinion about it. 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) to take chances in this Chinese AI player and broadline retailer.
GLDM:	Gold ETF lost 0.52% for the week and still seem to be extended. It could pull down to test its 20-day EMA line (currently 58.57). Long term, gold remains attractive amid investors' appetite for precious metal.
ETR/NI:	ETR and NI gained 1.61% and 0.41% last week respectively as these two utilities continue to show resilience justifying their selection as steady income generators. These two utility stocks are expected to move forward and test their recent highs at 87.25 and 40.31 respectively. On the other hand, it is also time to take some profits if the profit is in between 15-20% from the entry.

Website:

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