August Delivers Gains as Traders Eye a Pivotal September

Wall Street closed out August on a positive note, even as a Friday selloff pushed all three major indexes into weekly losses. The **Dow Jones Industrial Average** still secured a **3.2% rise for the month**, while the **S&P 500** climbed **1.9%** and the **Nasdaq Composite** added **1.6%**. Perhaps, the winner for the week was Russell 2000 (the small stocks index) as it ended higher for the week besides a dip on Friday.

For 2025 so far, the scoreboard remains strong: Nasdaq has surged **11% year-to-date**, the S&P 500 is up nearly **10%**, and the Dow has gained just over **7%**. Those advances have come despite lingering trade and geopolitical worries, thanks largely to robust corporate earnings and growing optimism over upcoming interest rate cuts.

That optimism will be tested soon. The **Federal Reserve** convenes its next policy meeting on **September 16–17**, with markets nearly unanimous in expecting a **quarter-point rate cut**. Between now and then, however, two key data points could shake expectations: the **jobs report** due next week and the **CPI release on September 11**. Stronger-than-expected readings may dampen hopes for aggressive easing.

Friday's session hinted at some cautious hedging. **Technology stocks** fell the hardest, with the sector down **1.5%**, followed by a **0.9% drop in industrials**. In a twist, **healthcare**, the year's weakest-performing group overall—managed to finish as the day's standout sector.

Yet beneath the surface, the market showed resilience: **281 stocks in the S&P 500 advanced versus 217 that declined**, suggesting breadth was stronger than index levels implied.

With **Labor Day** bringing a long weekend and markets closed on Monday, investors now have a pause to reflect on August's gains—and brace for what could be a decisive September.

Major Index Performance (Week Ending Aug 29):

Index	Friday Close	Weekly	Monthly	YTD	1-Year
S&P 500	-0.64%	-0.10%	1.40%	9.84%	15.53%
Dow Jones Industrial	-0.20%	-0.19%	2.04%	7.05%	10.18%
Nasdaq 100	-1.22%	-0.35%	0.46%	11.44%	21.16%
Nasdaq Composite	-1.15%	-0.19%	1.69%	11.11%	22.49%
Russell 2000	-0.44%	+0.14%	5.60%	6.96%	8.71%

Market Pulse: Sector Snapshot

Sector	Weekly Change	One-Month Trend
Health Care (XLV)	-0.54%	+2.23%
Materials (XLB)	+0.11%	+1.76%
Industrials (XLI)	-0.74%	-0.48%
Real Estate (XLRE)	-0.07%	-1.03%
Financials (XLF)	+0.78%	2.25%
Communications (XLC)	+0.07%	4.97%
Energy (XLE)	+2.55%	1.62%
Discretionary (XLY)	-0.58%	3.17%
Utilities (XLU)	-2.00%	-0.31%
Staples (XLP)	-2.05%	-0.50%
Technology (XLK)	+0.01%	-0.62%

The spotlight again belonged to Energy (XLE), being the top performer again this week (2.5%) primarily because of an increase in the crude oil prices amid Ukraine crisis. Financials (XLF) also outperformed as well, which is related to the much-expected interest rate decline by Fed. Basic Materials group (XLB) also ended positive for the week as gold stocks were also top performers for the week as both Gold and Silver broke out to new highs. Utilities have been performing well for a while, but the group relative strength has fallen below other groups during the last two weeks.

On the defensive side, two defensive areas Staples (XLP) and Utilities (XLU) languished while Healthcare (XLV) took a breather after a good one month run. XLV's rebound on Friday was all about UNH (United Healthcare) rebound on Friday, besides this the group was flat overall. On the aggressive side, Technology was flat for the week after being down by 1.5% on Friday. A lot which was due to weakness in AI area after the leading Chipmaker Nvidia's earnings. On Friday, Nvidia retreated amid China concerns, exacerbated Friday by reports that Alibaba is developing its own AI chip as a replacement for Nvidia's chips. While not so serious like the DeepSeek sell-off from late January, China could be a cloud hanging over AI stocks especially Nvidia in the near future. Communications (XLC) got a boost from Google besides an overall retreat in the market on Friday while Discretionary continued to get support from Amazon and Tesla.

The Seasonal Context

As mentioned last week, history hasn't been kind to Tech during the **August–October stretch**, and the recent numbers echo that trend. While **rotation—not retreat—appears to be the theme**, investors are clearly diversifying exposure away from growth-heavy Tech toward areas better positioned for the current macro backdrop. This includes areas like home construction, Financials (banking for example) and Energy (including renewables).

Important Economic events next week:

Some important economic events scheduled for the upcoming week are:

Monday (09/01): US Labor Day Holiday (Markets closed)
Tuesday (09/02): ISM Manufacturing PMI and Prices (Aug), Atlanta Fed GDPNow (Q3)
Wednesday (09/03): JOLTS Job Openings (Jul)
Thursday (09/04): AD Nonfarm Employment Change (Aug), Continuing Jobless Claims, Initial Jobless Claims, S&P Global Services PMI (Aug), ISM Non-Manufacturing PMI and Prices (Aug)
Friday (09/05): Average Hourly Earnings, Nonfarm Payrolls, Unemployment Rate (Aug)

Important Earnings this week:

Some important companies scheduled to announce their Q2 earnings this week are:

Tuesday (09/02): Zscaler (ZS), Nio (NIO)
Wednesday (09/03): Dave & Buster's (PLAY), C3.ai (AI), Credo (CRDO), Salesforce (CRM), Dollar Tree (DLTR)
Friday (9/04): Samsara (IOT), Broadcom (AVGO), Lululemon (LULU)

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	Given the recent news from Ali Baba, seasonal head winds and China struggle for Nvidia to sell its AI chips, we think the stock will consolidate soon as a test of 50-day EMA is underway at which it might get support. Investors with a good cushion could reduce their position size to reduce exposure. It is still a long-term leader, and chances are that it will recover the losses and move back to highs. Nvidia's underlying fundamentals remain as strong as its main AI chips will continue to drive positive results no matter what happens with the sale of its H20 chips to China.
AAPL	Our long-term leader Apple gained another 1.92% for the week. We think in the short run it could pull back to its 20-day EMA (225.74) or 50-day EMA (218.32) which will provide better entries. Apple is launching its new line of iPhone 17 on September 9, and market will be watching for any new AI initiatives with it as Apple seems to be a laggard in jumping on the AI

	bandwagon. September has been traditionally a weak month for Apple and any pullback to 218-225 range will likely be bought by Apple investors.

Interesting new picks for Watchlists:

1. **BA:** Boeing has become the stock to watch (second-fastest-moving stock of DOW after Nvidia this year). It has secured a recent $36 billion order from Korea and insider buying is also on rise. Long-term indicators also support a continuation of its trend. It has a chance to test last year's high at 267.54.

2. **STNE:** StoneCo Ltd is a Brazilian based software company which provides financial technology solutions. The long-term indicators fully support the continuation of uptrend (TR indicator on weekly chart just gave a buy signal) with a stop loss at 16.18.

Medium- and Short-Term Picks:

ZM	Zoom was mentioned last week but it did not cross 85.07 (our targeted entry point). Instead, it tried to close the gap and rebounded around 78.5. As such a good trade is available at current prices with a tight stop loss below 76. Stock looks strong amid strong fundamentals and being undervalued could provide handsome return if it moves past 85.07.
UBER	Uber lost 3.14% last week but rebounded near its 50-day EMA. It is offering another entry at current prices targeting 100 level (and beyond). Again, this is an aggressive entry, but it is likely to continue its journey upwards. Suggested stop loss: 85.42.
DHI	D.R. Horton was flat last week with a modest 0.70% loss. Looks slightly extended at this stage but also finding support. Look for another buying opportunity around 20-day EMA line (it is strong and could get support even above it). Homebuilder stocks are performing well amid anticipated Fed rate cuts and DHI is among one of the top picks.
MU	Micron Technology gained 1.1% during the week despite a 2.45% drop on Friday along with the other semiconductors. It is **actionable** at current levels although looks poised to test the 115-116 level with a stop loss below the 104.47 level.
URBN	Urban Outfitters flashed a sell signal after earnings by losing 13% and looks poised to move towards 62-65 level. As such, it is being taken out of the list as it looks set to move further below or consolidate in a range.
APP	It was mentioned last week that APP had good chances to test the 473.7 level. APP just did that with an 8.36% weekly gain and touched the highs of 488.70 before pulling back. APP still has a chance to move back and test its all-time high at 525.15. However, given the seasonal head winds, it is suggested to let it wait for a while and buy at support on pullback. Long-term indicators fully support continuation of the uptrend.

IONQ	Although IONQ gained 7.44% during the week. If it crosses 46.82 then it will be another actionable entry. As mentioned earlier, it is a highly volatile stock due to nature of quantum computing (accordingly a smaller position size is suggested).
ATAT	Atour broke out after its earnings with a 9% gain. It was mentioned that any breakout above 37.46 will be a buy signal. The stock is slightly extended by any pullback to 37.46 level will provide another entry for this Chinese hotel operator.
GBTC / ETHE	Bitcoin broke its support on Friday and, correspondingly, its ETF GBTC also broke the 20- and 50-day EMA lines with a 7% weekly loss. Ethereum ETF ETHE also lost 10.37%, giving back some of its recent gains. As a result, we are putting both ETFs on hold to wait for better entries.
AMZN	Amazon was flat last week. Although not a perfect setup, we still think in the long term, the stock will come back to previous highs at 242.52 and could stage a breakout as well. Aggressive investors **could take a position** at this level (although a reduced position size is suggested).
AVGO	Broadcom gained 1.15% last week. Perhaps the stock is waiting for its earning on 09/04. It was mentioned earlier that it is time "to take some profits and reduce the position size". Looks like Broadcom will continue to consolidate or even come back again to 50-day EMA (285) for a retest which could provide a better entry.
AEM	AEM gained a solid 5% gain as it continued to move towards the 150 level. Aggressive investors could make a small position size entry as it is likely to face test at 150.
CRDO	CRDO scored another high with an 8% weekly gain. No new entry as the stock is extended, however, could be bought on pullbacks to means. Credo also has its earnings due on late Wednesday. Caution: These types of stocks are suited only to aggressive investors because of high volatility.
MELI	MELI gained another 1.74% last week as it closed another solid August. It is currently actionable with an 8% stop loss below 2285 targeting 2645 and even beyond though typically September is a weaker month for MELI. Another strategy could be to wait till the end of September for another entry.
AU	AU gained 2.64% on Friday and 3.75% for the week amid strong rebound in gold prices. We still think it has good long-term prospects but could consolidate after a huge gain. Let us wait for a better entry around the 20-day or 50-day EMA lines.
META	Meta lost 2% for the week. We mentioned last week that a test of 50-day EMA is possible (730 which is not very far away). We think that a test of EMA will provide a better entry for META with a stop loss below 691.
TSLA	Tesla had a rough week and besides a comeback on Friday, it lost 1.81% for the week to close at 333.87. We have mentioned for several weeks that Tesla is finding support above 300 and is eyeing the 370 level and even beyond. Any sustained

	move beyond 348.98 will be a breakout, on the flip side a pullback to its 50-day EMA at 303.03 will be another buying opportunity.
MSFT	Microsoft was flat last week as it is consolidating close to 500 level. Considering a weak season for Tech stocks (Mid Aug-Oct), it is possible for it to further consolidate at these levels before making an entry. Aggressive investors could make a 50% position with Microsoft, targeting a 10% move.
GOOGL	Google was a winner last week with a 3.3% gain as it made a new all-time high on Friday. Besides the strength in Google, we think it will consolidate and any pullback to the rising 20-day EMA (202.78 now) will provide a better entry.
CVX	Chevron continued to gain (now fourth week in a row) with a 1.53% gain. It looks like it will slowly gain ground towards 166.93. The energy giant with a solid dividend (4.34) is still a favorable play for many long-term investors.
MPLX/HESM	MPLX gained 0.28% while HESM lost 0.60% last week. With high dividend yields, these pipeline operators are ideal for investors who want a continuous stream of income. For any new entry, watch out for any pull back to their 20-Week EMAs at 50.02 and 39.32 respectively.
BABA	Baba gained 9.81% for the week (almost entire gains were on Friday after earnings). This comes on the heels of the announcement that Ali Baba will be developing its own AI chips as a replacement for Nvidia's AI chips. While this pressured the semiconductor stocks (Nvidia, AMD and TSM), BABA share gained on the news. We still think that Ali Baba is actionable and in a buy range and potentially will clear the 144.79 (recent highs) on this news optimism.

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