

August Blues Arrive Early: Wall Street Stumbles Despite Big Tech Beats

August got a head start on its typical market malaise as the Nasdaq and S&P 500 suffered their worst weekly losses since late May, while the Dow posted its biggest drop since early April. Notably, both the Nasdaq and S&P 500 dipped below their 21-day exponential moving averages for the first time since spring—another signal that sentiment may be shifting.

The week started off strong, with major indexes extending record-breaking rallies. Big Tech giants like Meta and Microsoft shattered earnings expectations, setting a bullish tone. But by Thursday, momentum sharply reversed. The Nasdaq ended the week down 2.2%, the S&P 500 slid 2.4%, and the Dow tumbled 2.9%.

What changed? A cocktail of mixed signals shook investor confidence. While corporate earnings looked solid on the surface, cracks in the macro picture raised concerns that economic headwinds might be building. Contributing to the market's volatility:

Renewed trade war jitters with the EU initially boosted semiconductor stocks before sentiment soured.

U.S.-China trade talks wrapped with a fragile truce—calming, but not convincing.

The Federal Reserve held interest rates steady despite political pressure and an unusual internal split, with three governors dissenting for the first time in 30 years.

Inflation data disappointed, and Friday's jobs report came below expectations. The kicker? A steep downward revision of 258,000 jobs from the prior two months, triggering fresh fears of stagflation linked to the Trump administration's tariff stance.

In a move that sparked headlines and added fuel to the fire, President Trump fired the head of the Bureau of Labor Statistics over the weak jobs report—creating the appearance of a “shoot the messenger” moment.

None of this should be a complete surprise. As we pointed out in last week's market commentary:

“Looking ahead, though, there's a seasonal curveball. Historically, mid-August to mid-October tends to be a soft patch for tech, including semiconductors, the sector that's been fueling much of the rally. Whether this bull run can barrel through that window or stumbles into some overdue consolidation remains the million-dollar question.”

Still, there's plenty of reason to stay optimistic. All five of the tech titans—Amazon, Alphabet, Meta, Microsoft, and Apple—beat Wall Street expectations on both revenue and earnings. Amazon lagged on Friday with an 8.3% loss after issuing softer forward guidance, but the broader trend remains strong.

Excluding Apple, most of these firms are diving deep into AI investment, expanding data centers, and laying groundwork for future growth. In fact, the advertising arms of Google, Meta, and Amazon blew

past consensus estimates by an impressive 18% in Q2—suggesting that ad dollars are flowing even amid economic uncertainty.

Once the seasonal headwinds pass, Big Tech may well resume its upward trajectory.

On the commodities front, copper experienced a historic one-day plunge—down 23.5%—after Trump excluded refined copper from new tariffs. Meanwhile, gold has managed to hold its June lows. With global uncertainty rising, gold could be gearing up for a breakout in the coming weeks.

As earnings season rolls on, we'll start to see whether this market pullback is a short pause—or the beginning of something deeper. Either way, volatility looks here to stay for now.

Major Index Performance (Week Ending Aug 1st):

Index	Friday Close	Weekly	Monthly	YTD	1-Year
S&P 500	-1.60%	-2.36%	0.65%	6.06%	14.53%
Dow Jones Industrial	-1.23%	-2.92%	-2.04%	2.45%	8.03%
Nasdaq 100	-1.96%	-2.19%	1.27%	8.33%	20.50%
Nasdaq Composite	-2.24%	-2.17%	2.21%	6.94%	20.10%
Russell 2000	-2.04%	-4.22%	-1.42%	-2.25%	0.35%

Sector Snapshot: Utilities Shine While the Rest Sink

The market's defensive shift was on full display this week, as 10 out of 11 S&P sectors closed in the red—leaving Utilities (XLU) as the lone standout with a 1.51% gain. Every other major sector posted losses, with cyclical and growth-oriented areas taking the brunt of the damage.

Sector	Weekly Change	One-Month Trend
Health Care (XLV)	-3.92%	-4.08%
Materials (XLB)	-6.12%	-3.73%
Industrials (XLI)	-3.39%	1.17%
Real Estate (XLRE)	-3.51%	-0.98%
Financials (XLF)	-3.82%	-2.39%
Communications (XLC)	-1.39%	-1.52%
Energy (XLE)	-1.73%	0.15%
Discretionary (XLY)	-3.90%	-0.99%
Utilities (XLU)	1.51%	4.71%
Staples (XLP)	-1.64%	-2.22%
Technology (XLK)	-1.88%	2.43%

Consumer Discretionary (XLY) suffered heavily this week, largely due to Amazon's sharp drop on Friday. Technology (XLK) led the Nasdaq decline and is now trading below its 20-day EMA. Without a near-term reversal, the sector may be on track to test its 50-day EMA. Despite solid earnings reports from Exxon and Chevron, Energy (XLE) also declined, reflecting broad-based investor caution.

Financials (XLF) experienced red days throughout the week and continue to lag behind broader indices, extending a months-long downtrend. Industrials (XLI) fell below their 20-day EMA and are currently showing signs of weakness. Communications (XLC) held up better than most aggressive sectors, thanks in large part to Meta's strong earnings performance. However, with the broader market pulling back, even this relatively resilient sector may face downside pressure in the near term.

The worst-performing sector was Materials (XLB), mainly due to a steep sell-off in copper prices following tariff exemptions. Meanwhile, defensive sectors like Real Estate (XLRE) and Health Care (XLV) continued to underperform, offering little protection during the sell-off.

Amid the sea of red, Utilities (XLU) stood out as the clear winner. The sector's strength was fueled by growing interest from Big Tech firms investing in AI data centers—projects expected to sharply increase power demand. This dynamic continues to boost the outlook for utility companies as the infrastructure to support next-gen technology builds out.

Important Economic events next week:

Some important economic events scheduled for the upcoming week are:

Monday (08/04): Factory Orders

Tuesday (08/05): ISM Non-Manufacturing PMI, ISM Non-Manufacturing Prices (Jul), Atlanta Fed GPDNow (Q3)

Wednesday (08/06): Crude Oil Inventories

Thursday (08/07): Initial Jobless Claims, Nonfarm Productivity (QoQ)

Important Earnings this week:

Earnings season will be very busy this week with several heavy weights reporting results for the 2nd Quarter 2025:

Monday (08/04): Palantir Technologies (PLTR), HIMS (HIMS), MercadoLibre (MELI), Axon Enterprise (AXON)

Tuesday (08/05): Advanced Micro Devices (AMD), Arista Net (ANET), Super Micro Computers (SMCI), Toast (TOST), Shift4 Payments (FOUR), Caterpillar (CAT)

Wednesday (08/06): Door Dash (DASH), Shopify (SHOP), Fortinet (FTNT), Disney (DIS)

Thursday (08/07): Wheaton Precious Metals (WPM), Kratos Defense (KTOS), Gilead Sciences (GILD), Constellation Energy (CEG), Vistra (VST)

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	<p>The chip market leader Nvidia gained another 0.13% last week besides a \$10 drop on Thursday and Friday. Although several analysts are upbeat about its prospects and we also think that Nvidia is a long-term leader and soon will reach the 200 mark, chances for temporary pullback are also increasing.</p> <p>Mid Aug-Oct is traditionally a weaker period for Nvidia, and we could find a better entry during this period at better prices with better risk-to-reward ratio. Best entry points will be in the range 153.11 – 156.37.</p>
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Interesting new picks for Watchlists:

1. **URBN:** Urban Outfitters is an apparel retailer offering lifestyle products and services. The stock got support at its 20-day EMA line on Friday and is trying to break out. If it moves above 77.74, then it will be a buying signal for a breakout attempt with a suggested stop loss at 70.17. We think the stock is building up for a move above 80s.
2. **APP:** Applovin is a Tech/software company with its results scheduled for 08/06 (Wednesday). Based on its recent price action, market is expecting a good report from it, however, earnings are a binary event and could swing the stock to either direction. If it breaks 400 level then it is going to be a buy signal eying first 428.99 and then 500 level. Suggested stop loss: 338.

Medium- and Short-Term Picks:

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

AGX	AGX was mentioned last week but it did not reach its buy point at 246 and instead pulled back to 225 with an 8% loss on Friday. Subsequently, it is taken out from the watchlist for the time being.
IONQ	IONQ lost another 11.70% last week and any losing position should be closed by now. As mentioned, it is a high volatility stock due to nature of quantum computing (accordingly a smaller position size was suggested). Any new entry should be put on hold.
ATAT	Atour took a nap last week as it pulled back below the buy point of 34.32. Its second quarter results are due on August 14. Wall street expects an EPS of 42 cents while sales increase of 30% over the last year. Let's wait for a rebound over its 50-day EMA line for another entry.
GBTC	GBTC continued its consolidation as it lost another 3.24% along with the decline in bitcoin. We think it is on its way to test the range 86.22 – 86.93 which could provide a support.
AMZN	Amazon reversed its track post earnings and stock closed below 50-day EMA on above average volume which is a sell signal. The position is closed although we think in the long term, the stock will come back to previous highs at 242.52. However, a better entry point should be considered.

AVGO	After a huge run which started in late April, AVGO finally took some rest with a loss of 0.53% after registering another high earlier. It was mentioned that besides being in a long-term bullish trend, it is approaching overbought territory and pullback to its 20-day EMA line could provide another entry which it did. Now it is time to book some profits and reduce the position size as it is likely to further come down to 265 level.
RCL	After six weeks in a row, RCL finally gave a sell signal with a 10.93% loss last week. It is testing its 50-day EMA at 305.38 and should be closed if it comes and closes below this level.
AEM	After a great prior week, AEM cooled down with a 1.28% weekly loss. It beat expectations for earnings last week but with overall market being slow down still has a chance of continuing its long-term uptrend with a stop loss below 114.
CRDO	<p>CRDO gained another 6.26% last week after scoring another high but afterwards it lost almost 8% during the last two days. It may be a good time to reduce the position size and let the rest run.</p> <p>Caution: These types of stocks are suited only to aggressive investors because of high volatility.</p>
CIBR	<p>CIBR lost 4.19% last week. Looks like it could come down to 68 level which could provide a better entry.</p> <p>For long-term investors in AI, semiconductors, and cybersecurity, the Cybersecurity ETF CIBR is another way of investing in these stocks.</p>
MELI	MELI resisted the market decline and gained 0.57% for the week. It has earnings scheduled for Monday. If post earnings, it moves above 2400 level and holds it then it will be a buy signal for this Latin American company with a stop loss below 2345.
AU	Although Anglogold Ashanti lost 2.79% for the week but on Friday it gained 5% as gold and gold miners came into limelight again. This gold miner is actionable at current prices with a stop loss below 43.44 as gold is likely to remain strong in the upcoming quarter.
NOW	ServiceNow looks weak as it pulls down below the 50-day EMA. It looks like it can further come down and test the 200-day EMA line. Till that time any new entry should be put on hold.
META	Although META gained 5.24% for the week after a big jump on Thursday after earnings but we can't ignore the fact that it retreated by 3% on Friday along with the broader market. Meta is still showing leadership among the Mag7 stocks, but it is likely to test its 20-day EMA line (currently 718) which will provide better support.

TSLA	Tesla is hovering around 300 level. If it breaks support here and pulls below, then the position should be closed. If Tesla moves above the 50-day moving average (299.16), chances are that it will eventually get back to 370 otherwise there is a chance of further sliding down.
MSFT	Microsoft jumped on earnings to gain on Thursday but later reversed with the market and continued to give back its gains on Friday. For the week it still gained 2% but we think stock is on its way to test the 20-day EMA at 509 which will provide a better entry point.
GOOGL	Alphabet lost 2.10% for the week besides beating market expectations. Alphabet is slightly overbought at these levels and is expected to consolidate or rise slowly to test the 200 level. A better entry point will be when its RSI comes close to 30 level.
CVX	Besides an upbeat earning report, Chevron lost 2.22% over the week along with the broader energy market space. We still think that Chevron shares are likely to move up to 167 level eventually.
SMH	Semiconductor sector also pulled back with a loss of 1.23% last week. This has been the leading sector for last few months, but the weak seasonality pattern makes it vulnerable to further decline. We are moving it out of the list for the time being till the situation improves for semiconductor sector.
MPLX/HESM	MPLX gained 1.77% while HESM gained an impressive 5.56% last week (although both lost some ground on Friday). With high dividend yields, these pipeline operators are ideal for investors who want a continuous stream of income.
BABA	BABA is consolidating withing a range and is likely to come out with a bang if its report on 08/14 goes well. As such the stock is currently at a good point to take some risk (suggest a 50% position to reduce risks) with a stop loss below 103.
GLDM	Gold gained 0.56% for the week and 2% on Friday as investors shifted their focus to the precious metal again. Just like last week, it still provides an actionable entry at current levels with a stop loss below 62.70.

Website:

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