

Stocks Rebound on Powell's Pivot, But Nvidia Holds the Next Card

Wall Street pulled off a dramatic turnaround last week, snatching a win after stumbling early on—all thanks to a surprisingly dovish tone from Federal Reserve Chair Jerome Powell. Now, all eyes shift to Nvidia, whose upcoming earnings may be the spark the market needs to keep rallying.

At the start of the week, fear dominated. The AI trade looked sickly, with Nvidia sliding for three straight sessions and dragging the rest of the “Magnificent Seven” lower. Then came Powell’s speech from Jackson Hole. By signaling that the Fed may cut rates as soon as September, he gave investors exactly the medicine they were hoping for. Stocks surged, erasing most of their earlier declines. By week’s end, the S&P 500 closed up 0.3%, the Dow Jones Industrial Average jumped 1.5% to a fresh record, and small caps staged a comeback with the Russell 2000 gaining 3.3%. The tech-heavy Nasdaq was the lone holdout, slipping 0.6% overall.

Powell’s pivot felt well-timed. Heading into the event, traders were bracing for a Fed unwilling to ease. But Powell opened by noting inflation risks had “diminished,” while unemployment had climbed nearly a full percentage point in the past year. That struck a chord with investors increasingly anxious about weak hiring—just 35,000 jobs a month on average over the past quarter. Analysts interpreted Powell as more concerned with growth than runaway prices, raising hopes for a potential half-point cut in September. Still, not everyone is cheering: inflation remains sticky, with consumer prices up 3% in July, wholesale prices surging nearly 1% month over month, and whispers of stagflation lurking in the background.

For now, optimism has the upper hand. And that brings the spotlight back to Nvidia. The company is expected to post about \$1 per share in earnings on \$46 billion in sales for its second quarter, due August 27. But meeting expectations won’t cut it—Wall Street wants a beat of at least 10% to push shares higher. Just as important, Nvidia has built its reputation on offering bullish guidance. Investors will be looking for a third-quarter revenue forecast near \$54 billion and earnings north of \$1.10 per share. If Nvidia delivers, the AI trade could reignite—much like Powell reignited confidence in markets last week.

Major Index Performance (Week Ending Aug 22):

Index	Friday Close	Weekly	Monthly	YTD	1-Year
S&P 500	1.52%	0.27%	2.49%	9.95%	16.09%
Dow Jones Industrial	1.89%	1.53%	2.54%	7.26%	12.08%
Nasdaq 100	1.54%	-0.90%	1.88%	11.83%	20.55%
Nasdaq Composite	1.88%	-0.58%	2.89%	11.32%	22.01%

Index	Friday Close	Weekly	Monthly	YTD	1-Year
Russell 2000	3.92%	3.39%	5.18%	6.81%	11.22%

Market Pulse: Sector Snapshot

Sector	Weekly Change	One-Month Trend
Health Care (XLV)	+1.44%	+3.47%
Materials (XLB)	+2.39%	+0.27%
Industrials (XLI)	+1.79%	+1.40%
Real Estate (XLRE)	+2.44%	-0.91%
Financials (XLF)	+2.12%	+1.57%
Communications (XLC)	-0.15%	+3.20%
Energy (XLE)	+3.02%	+3.12%
Discretionary (XLY)	+1.77%	+3.38%
Utilities (XLU)	+0.49%	+1.16%
Staples (XLP)	+0.55%	+1.04%
Technology (XLK)	-1.23%	+1.39%

Weekly Leaders

The spotlight belonged to **Energy (XLE)**, surging **+3.02%** as oil majors rallied on economic optimism, interest-rate cut expectations, and bullish inventory reports. Interestingly, **solar names joined the party**, with battered clean-energy stocks showing signs of life.

Financials (XLF) also benefited from a friendlier rate outlook, pushing higher as lending activity is expected to pick up. **Real Estate (XLRE)**, another classic rate-sensitive sector, moved higher as well. Meanwhile, **Health Care (XLV)** extended its rebound—boosted by strength in **biotech** and heavyweights like **UnitedHealth, Merck, and AbbVie**.

Aggressive Sectors

- **Consumer Discretionary (XLY)** stole Friday's show, jumping **3%** and breaking out relative to **Staples (XLP)**, a clear sign of rising risk appetite. Key drivers: **Tesla's rebound back to \$340** and **Amazon's bounce off its 50-day EMA**.
- **Communications (XLC)** finished the week slightly lower but surged into Friday, lifted by **Meta, Google**, and other internet-based names regaining momentum.
- **Technology (XLK)** slipped **-1.23%** on the week despite a strong Friday's close. This underperformance suggests **capital rotation** is underway—from high-growth Tech into cyclical sectors like **Materials, Financials, Energy, and Real Estate**.

The Seasonal Context

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.

Important Economic events next week:

Some important economic events scheduled for the upcoming week are:

Monday (08/25): Building Permits, New Home Sales (MoM)

Tuesday (08/26): Durable Goods, Consumer Confidence (Aug), Atlanta Fed GDPNow (Q3)

Wednesday (08/27): Crude Oil Inventories

Thursday (08/28): Core PCE Prices (Q2), Initial Jobless Claims

Friday (08/29): Core PCE Price Index (MoM and July), Personal Spending, Chicago PMI

Important Earnings this week:

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

Monday (08/25): PDD (POD), Atour (ATAT)

Wednesday (08/27): CrowdStrike (CRWD), Five Below (FIVE), NetApp (NTAP), Nvidia (NVDA), Snowflake (SNOW), Urban Outfitters (URBN)

Friday (8/29): Dell Technologies (DELL), Dick's Sporting Goods (DKS), Ulta Beauty (ULTA), Ali Baba (BABA)

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>Although Nvidia lost 1.36% for the week but its rebound on Friday signals that anxious investors will keep buying it on every dip as shown by the rising Accumulation / Distribution line. Its earnings are scheduled for Friday, and any upbeat future guidance will push the stock beyond 184.88. On the other hand, any profit taking could drift it back to 166.82, which will be another buying opportunity.</p> <p>It is a long-term leader and soon will reach the 200 mark though chances for temporary pullback are also increasing.</p>
AAPL	Our long-term leader Apple lost 1.65% last week along with a broader decline in the Tech sector. We think in the short run it could pull back to its 20-day EMA (222.60) or 50-day EMA (215.64) which will provide better entries again.

Interesting new picks for Watchlists:

1. **ZM:** Zoom communications made a long-awaited breakout last week on earnings and future guidance. Stock looks strong amid strong fundamentals and being undervalued, if it crosses 85.07 then it will be a continuation and another entry, otherwise it may try to fill the gap lower by coming down to 76-78 level offering us a better entry.
2. **UBER:** Uber seems all set to test the 100 level (and beyond). Again, this is an aggressive entry, but it is likely to continue its journey upwards. Suggested stop loss: 85.42.

Medium- and Short-Term Picks:

DHI	D.R. Horton was picked up in our weekly commentary dated 7/27. It gained 3.06% last week, making it five weeks in a row. Looks slightly extended at this stage but a sharp dip to the rising 20-day EMA was immediately bought. Look for another buying opportunity around 20-day EMA (it is strong and could get support even above it) to make another entry in this homebuilder stock.
MU	Micron Technology lost 2.64% last week and could not make up to our breakout level for an entry. However, it was supported at its 50-day EMA. Given the weak seasonal tendencies for Tech stocks, it could consolidate around the 50-day EMA. Watch for a retest of the 50-day EMA (114) with a stop loss below 103.38 for another entry.
AGX	AGX was closed as it drifted below 215.88 (as stated last week). Although, it rebounded from a low of 203.55 but for the time being move it to a watchlist for any future entry.
URBN	Picked three weeks ago, Urban Outfitters lost 0.71% this week and still looking bullish for a move above 80 . Its earnings are due on 08/27 and hence care should be taken around this event and watch for post earnings entry.
APP	APP found support at its 50-day EMA with a strong 5.5% rebound on Friday. It appears to have good chances at current levels to test its recent high at 473.70 and beyond. Actionable at current prices with a stop loss below 385.19.

IONQ	Although IONQ recovered 7% on Friday, but it lost 1.1% for the week showing the volatile nature of the stock. As mentioned earlier, 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 recovered its prior week losses with a 2.44% gain. The stock found support at its 50-day EMA and rebounded nicely. Its second quarter results are now due on 8/26. Wall Street expects an EPS of 42 cents while sales increase of 30% over the last year. Although it is still in a buy range but since earnings are close, a cautious approach is desirable at this stage to avoid any surprises. Any breakout above 37.46 on earnings will be a buy signal for this Chinese hotel operator.
GBTC	GBTC rebounded on Friday (so did Bitcoin) to close the week flat. While overall, it is likely to continue its journey, however, Ethereum has been beating bitcoin since May. Ethereum also staged a breakout on Friday with a huge 14.57% gain on strong volumes suggesting a lot of interest behind Ethereum. Therefore, its ETF ETHE seems a better choice at current price level with a stop loss below 35.
AMZN	We mentioned last week that Amazon was flashing a buy signal. Although it lost 1% for the week but a strong rebound on Friday at its 50-day EMA that supports this thesis. 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. ETHE provides a better crypto choice to carry at this stage
AVGO	Broadcom lost 4% last week. It was mentioned last week "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 for a retest. Its earnings are scheduled for 09/04 and hence care should be taken at this time. A second test around 50-day EMA (or even below) could provide a better entry.
AEM	As mentioned last week, AEM slowly creeping upwards towards 150 as it touched new high on Friday. Aggressive investors could make a small position size entry as it is likely to face test at 150.
CRDO	CRDO gave back another 2.3% last week after a tremendous run since April lows. As stated earlier, it may be a good time to reduce the position size and let the rest run. No further entry recommended. Caution: These types of stocks are suited only to aggressive investors because of high volatility.
MELI	MELI gained another 1.60% last week as it regained and closed above the 2400 level. If it regains the 2480 level and holds it, then it will be a buy signal with a stop loss below 2345.
AU	AU recovered 2% after prior weekly loss of 5.42%. We still think it has good long-term prospects but could further pullback after a huge gain. Let us wait for a better entry

META	Meta took a breather and found support at its 20-day EMA last week before rising 2.1% on Friday. Any retest of its 20-day EMA line (currently 754) will provide a better entry. In fact, with the current seasonal tendencies, a test of 50-day EMA at 727 is also on cards.
TSLA	Tesla was a winner on Friday with a 6.22% gain; however, early week losses reduced the overall weekly gains to 2.86%. 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	It was mentioned last week that Microsoft is likely to come to 500 level which it did and found support at 502.41. 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 in Microsoft, targeting a 10% move.
GOOGL	Google gained 1% for the week and tried to break out from its all-time highs at 206.56 which it did but pulled back. Although it is likely to clear this again with a breakout, we think we should wait to see market reaction on court's ruling on Government's antitrust suit against Google which is likely to be announced by the end of August. Till that time, it is a hold.
CVX	Chevron continued to gain in the third week in a row with a 2.17% gain. It looks like it will slowly gain ground towards 166.93. The energy giant with a solid dividend (4.41%) is still a favorable play for many long-term investors.
MPLX/HESM	MPLX gained 1.46% while HESM gained 0.68% last week after an impressive run in the past weeks. 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 49.93 and 39.12 respectively.
BABA	BABA gained another 1.39% as it is preparing for another move (looks bullish). Now its earnings are scheduled for 08/29. While we think that stock is currently actionable in a buy range , but position size should be reduced around this event.

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