

Market Encounters Resistance Amid Breakout Attempts

After weathering turbulence from the Deep Seek announcement and the looming tariff war—an issue that could escalate at any moment—the market has regained momentum. The S&P 500 closed near its all-time highs, while the Nasdaq Composite sits within 1% of its peak. Investors embraced a risk-on environment last week, fueling strong performances in AI stocks and Chinese companies such as Alibaba, which swiftly surged past their buy points.

Major Indices Performance:

Index	Friday (2/14)	Weekly	Monthly	YTD	1-Year
S&P 500	-0.01%	+1.47%	+3.96%	+3.96%	+22.28%
Dow Jones Industrial	-0.37%	+0.55%	+4.71%	+4.71%	+15.93%
Nasdaq 100	+0.38%	+2.90%	+5.25%	+5.25%	+24.19%
Nasdaq Composite	+0.41%	+2.58%	+3.71%	+3.71%	+26.28%
Russell 2000	-0.08%	-0.01%	+2.27%	+2.27%	+14.81%

Notably, small-cap stocks (as represented by the Russell 2000 ETF, IWM) continue to lag larger indices. Investors remain more confident in mega-cap stocks and blue-chip names in the Dow Jones rather than smaller companies, an ongoing trend that shows no immediate signs of reversal.

For the S&P 500 to sustain its upward trajectory, it must break through resistance at its range top rather than stalling at highs. With lingering uncertainties surrounding a potential trade war and rising inflation, any shift in sentiment could lead to a pullback, making downside risks a key consideration.

A growing concern among industry experts is the striking similarity between the current investment frenzy in AI and past speculative bubbles—such as the dot-com era of the late 1990s and the radio stock boom of the 1920s. Historically, these bubbles flourished as companies merely added buzzwords like "Radio," "Net," or ".com" to their names, sending valuations soaring. However, when these bubbles burst, they erased substantial shareholder wealth, with many stocks losing 90% or more of their value. The massive capital expenditures by mega-cap firms and the U.S. government on AI infrastructure and data centers have fueled speculation that history may repeat itself—particularly if investors begin to perceive these investments as excessive or vulnerable to cost-efficient alternatives like Deep Seek. Until then, the AI rally remains in full swing.

Meanwhile, gold has surged to new highs amid these uncertainties. The precious metal reached an all-time high of \$2,025 last week, climbing 27% in 2024. Central banks from China, Türkiye, Russia, and Poland have been aggressive buyers, while global investors are also turning to gold as a safe haven. For retail investors, the GLDM ETF offers a low-cost entry into gold, while mining stocks like Barrick Gold and Newmont present compelling opportunities.

Sector Performance Overview:

Sector performance last week was as follows:

Sector	Weekly Performance Last One Month	
Technology (XLK)	+3.07%	+5.36%
Communications (XLC)	+2.50%	+10.24%
Materials (XLB)	+1.77%	+4.21%
Energy (XLE)	+1.71%	-1.26%
Staples (XLP)	+1.59%	+5.39%
Utilities (XLU)	+1.23%	+4.52%
Discretionary (XLY)	+0.63%	+2.42%
Real Estate (XLRE)	+0.21%	+5.1%
Industrials (XLI)	+0.16%	+2.31%
Financials (XLF)	-0.04%	+7.36%
Health Care (XLV)	-1.11%	+3.43%

Growth-oriented sectors, particularly Technology, Communications, and Consumer Discretionary, saw strong demand last week as AI-related stocks rebounded. Apple extended its rally, further supported by its AI collaboration with Alibaba. The Utilities sector also benefited, driven by the increasing power demands of AI data centers, which are projected to require electricity equivalent to the output of 94 nuclear plants in the U.S. Companies such as Entergy (ETR) and NiSource (NI) are among those positioned to capitalize on this trend.

Communications, historically strong in the January-February period, gained further momentum from Meta's exceptional performance, fueled by its AI-driven initiatives.

On the other hand, the Healthcare sector showed signs of weakness following a strong January, while Consumer Staples continued to advance, led by major retailers like Costco and Walmart. The Energy sector held up relatively well despite tariff-related market volatility, while Financials saw some profit-taking after an unusually strong 7% rally over the past month.

As the market navigates these dynamics, the question remains: Will the AI boom maintain its trajectory, or are we witnessing the early stages of another speculative bubble? For now, investors seem willing to enjoy the ride.

Important Events next week:

Shortened week due to Presidents' holiday on Monday (2/17). Monthly options are also expiring on Friday (02/21).

Tuesday (02/18): Trump speaks (tentative), NY Empire State Manufacturing Index (Feb)

Wednesday (02/19): FOMC Meeting Minutes, Building Permits, Housing Starts (Jan)

Thursday (02/20): Initial Jobless Claims, Philadelphia Manufacturing Index (Feb), Fed's Balance Sheet

Friday (02/21): Monthly Options Expiration, S&P Global Manufacturing PMI (Feb), Global Services PMI (Feb), Existing Home Sales, Michigan Consumer Sentiment

Important Earnings this week:

Coming week is also full of important earning reports and announcements just like the prior one:

Tuesday (02/18): Arista Networks (ANET), Baidu (BIDU), Cadence Design Systems (CDNS), Shift 4 Payments (FOUR), Toll Brothers (TOL)

Wednesday (02/19): Etsy (ETSY)

Thursday (02/20): Ali Baba (BABA), Booking Holdings (BKNG), Newmont (NEM), Walmart (WMT)

Friday (02/21): Vipshop (VIPS)

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.

MSFT:	Microsoft continues its slide after earnings and lowered by another 1.60% this week. It looks like a re-test of 400 (or even lower) is quite possible for this long-term leader at which level it could become attractive. We mentioned last week that it is better to close existing positions in Microsoft and wait for a better entry in this long-term leader.
NVDA:	Nvidia gained another 6.94% this week confirming our view that it got a boost from tech titans reiterating their pricey data center spending plans (Google, Meta, and Microsoft. It is currently in an actionable buy range and if a break-out above 153.13 occurs it could eventually go all the way to 200. On the flip side it might face resistance at current levels as it has turned away from the 140-153 range several times.
AAPL:	Our long-term leader Apple gained 7.57% last week and now again in an actionable early buy range for aggressive investors as the all-time highs at 259.81 level is not very far (although it might consolidate at these levels before attempting a breakout). Apple remains our long-term favorite leader.
COST:	Costco continued to new highs with a 2.69% gain this week, making it 3 in a row. It remains a long-term leader but seems a bit extended at these levels and any pullback to moving averages (978-1016) levels will be highly welcomed by investors. It is suggested to take some profits from the existing positions (if any) and leave the rest for the long run.

Medium- and Short-Term Picks:

GOOGL:	We mentioned that Google's price action was weak as it lost another 0.49% last week. Let's see if it drops further close to its 200-day EMA line at 173.55, which could provide a very good re-entry.
META:	Meta gained another 1.11% this week to set another new high showing its leadership. Meta has increased for the last 20 days in a row and if some profits are not made so far then position size should be reduced as Meta is likely to consolidate (or even come down due to profit taking), thus providing another good entry point. Any pullback around its 20-day EMA (618) or previous buy point around 638.40 will likely get support from anxious investors.
AMZN:	Amazon was almost flat last week. It is possible that it will drift further down to 255.51 where it is likely to get support for a possible entry. Last week we mentioned that the pullback is not over, and it could further come down to the 205-214 range where it will be more attractive.

Interesting Stocks for Actions and Watchlist:

New Picks:

Due to recent development on several fronts, markets could remain choppy and irrational for extended period of times. A pullback or even a correction is possible because of the looming uncertainties. Investors should therefore remain very nimble in their risk management and take small losses instead of allowing them to grow bigger while assessing the opportunities more carefully.

BABA: After AI deal with Apple, we are watching BABA as it jumped by 20.50% last week. It has earnings scheduled for Thursday and investors will be looking for future guidance on how this deal could impact its business prospects in the near future. Any consolidation or fall back to 100-102 could provide **an alternate entry**.

SERV: Serve Robotics dropped by 40% on Friday on news that Nvidia has taken out its stake from it. That's why it was mentioned last week that it is a highly volatile stock in nature. For the time being it is dropped from the watchlist for a better entry in future.

Recently Picked Stocks:

GLDM:	Gold gained 0.85% for the week but Friday's action at highs was bearish, pointing towards some short-term weakness. It is close to all-time highs and currently in an actionable range. GLDM is Gold ETF with a very low expense ratio and is currently trading in a buy range. For people who are cautious or want to move some money from riskier assets like FANGs, Tech stocks etc., GLDM could be a safer heaven in the short-term.
BYDDY:	The Chinese EV manufacturer seems to be unstoppable as it registered another 10.47% gain this week. It could be another Tesla in the coming days; therefore, it is included in our watchlist for a possible entry. Its stock is already at new highs and any pullback to 72-74 range will be actionable .
HIMS:	Picked two weeks ago, HIMS is on fire as it added 42.12% last week in addition to 14.14% in the previous week. We again think that with these types of gains, it might pull back in the short term. Till that time let's keep a close eye on its price action.
KVYO:	KVYO lost 2.08% last week but still in a strong uptrend. Let's see if it comes down to 46 (20-day EMA) again where another entry will be attractive.
NOW:	The software giant consolidating towards the lower end of its recent range signaling that it could further slip towards its 200-day EMA line at 928 (till 933 range) where it is likely to find support. Suggest an entry around 200-day EMA line.
VIK:	Picked three weeks ago, Viking gained another 4.23% last week and reached new highs confirming our upward bias. A better entry would be its rising 20-day EMA at 49.30. Aggressive investors, however, could add incremental positions at the current levels.
ATEC:	ATEC lost another 1.29% last week and found support at 50-day EMA (10.40). Its current price action is not encouraging and if it breaks 10.40 on volumes then positions should be closed.
WMT:	Walmart gained another 2.86% last week, making it now four in a row. Now it is time to take some profits off the table, raise the stop loss to break-even levels or around 90 and let the rest run. In one year, Walmart increased by 85% and now could take a breather to consolidate. Walmart will announce its results on Thursday and investors will be waiting for its future guidance amid pending Tariffs on imported consumer goods.
TSLA:	Tesla found support at 20-day EMA line and pushed above it on Friday although it lost 1.60% for the week. We mentioned two weeks ago that Tesla triggered a sell signal by dropping below 377. Unless Tesla shows a proper signal, it is better to wait and see.

TSM:	TSM lost 1% during the week and is at its 50-day Ema support. The stock could find support at these levels to move upwards and hence an entry is available for interested investors with a stop loss below 187.
GE:	GE gained another 1,46% making it five weeks in a row. Again, it is time to take some profits and reduce the position size (if any). The stock is somewhat extended and could consolidate to form another base.
AVGO:	Broadcom gained 3.63% last week and seem to be riding along with Nvidia. It found support at its 20-week line and seems to be setting up to attempt its high at 251.88 . Aggressive investors could make an alternate attempt at current levels , eyeing the buying point.
ETR/NI:	ETR and NI gained 0.84% and +4.61% respectively during the last week as the Utilities sector continued to rise after the Deep Seek shock. These stocks are at all-time highs and right now is the time to make some profits (if not taken yet) and let the rest run.
CCL:	CCL recovered 1.43% and is currently facing resistance at the 20-day EMA line. It was mentioned in our last commentary to book some profits and let the rest run but no new entry at this point.

Website:

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