Market continues to face pressures!!!

The stock market is currently experiencing pressure, primarily due to the decline in highly valued growth stocks. This shift has led the Nasdaq to its worst week since early September. If you are following our commentaries, then last week we mentioned:

"Due to recent developments, markets could remain choppy and even a pullback or correction (10-20% downside) is on cards. 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."

Last week shows that investors have redirected their focus—from high-performing stocks to underperforming ones, from the Magnificent Seven to the other 493 stocks in the S&P 500, from growth to value, and from U.S. investments to China stocks. Consequently, the S&P 500 has relinquished much of its annual gain, and the Nasdaq Composite has fallen into negative territory, while the Dow Jones Industrial Average—traditionally considered a laggard—has maintained a 3% year-to-date increase. Growth stocks have suffered losses, evidenced by the Russell 1000 Growth Index's 1.8% drop, whereas the Russell 1000 Value Index has increased by 4.7%.

A late buying surge on Friday, likely associated with end-of-month rebalancing, helped stocks recover from their earlier losses. The Nasdaq Composite reversed its losses to rise by 1.6% on Friday, though it remains below its 50-day moving average following a 3.5% weekly decline. The tech-heavy index also saw a 4.49% decrease in February, marking its worst month since April 2024, and is now down 2.4% for the year.

Similarly, the S&P 500 briefly dipped into the red before closing 1.6% higher on Friday. However, it experienced a 1.87% decline for the week and continued to trade below its 50-day average. The index appears to find support near 5,830, where buyers have consistently intervened throughout the year. Despite this loss in February, the S&P 500 retains a modest 1.2% gain for 2025. Encouragingly, market breadth indicated that advancing stocks outpaced decliners by more than 2-to-1 on both the NYSE and Nasdaq, with higher trading volume highlighting the positive movement. Notably, Nvidia (NVDA) and 3M (MMM) achieved respective gains of 4% and 3.1% on Friday.

Small-cap stocks faced challenges, with the Russell 2000 rising by 1.1% but remaining below its 200-day moving average after a 5.5% decline in February. Growth-oriented names performed slightly better; the Innovator IBD 50 ETF (FFTY) added 1.5% on Friday but ended February by 3.7%.

Stocks fluctuated midday amid political developments in Washington, where an intense standoff between Trump and Zelenskyy ended abruptly when the Ukrainian leader departed from the White House. The aftermath included an unsigned mineral-rights agreement between Ukraine and the U.S., adding another layer of uncertainty to an already volatile market. Looking ahead, the February jobs report and Broadcom (AVGO) earnings are expected to be key market catalysts.

Major Indices Performance:

Index	Friday (2/28)	Weekly	Monthly	YTD	1-Year
S&P 500	+1.59%	-1.87%	-1.87%	+1.24%	+17.45%
Dow Jones Industrial	+1.39%	-2.25%	-2.25%	+3.05%	+12.56%
Nasdaq 100	+1.62%	-2.70%	-2.70%	-0.61%	+16.84%
Nasdaq Composite	+1.63%	-4.49%	-4.49%	-2.40%	+18.18%
Russell 2000	+1.06%	-5.34%	-5.34%	-2.86%	+7.34%

Sector Performance Overview:

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

Sector	Weekly Performance	Last One Month
Financials (XLF)	+2.82%	+1.68%
Real Estate (XLRE)	+2.18%	+4.10%
Health Care (XLV)	+1.71%	+1.64%
Industrials (XLI)	+1.11%	-1.40%
Staples (XLP)	+1.10%	+5.49%
Materials (XLB)	+0.78%	0.00%
Energy (XLE)	+0.08%	+1.68%
Communications (XLC)	-0.99%	+0.57%
Discretionary (XLY)	-1.11%	-6.75%
Utilities (XLU)	-1.31%	+3.45%
Technology (XLK)	-3.98%	-3.47%

The market had plenty of surprises last week, with Financials (XLF) rocketing 2.82% even as bond yields edged lower. While banks typically benefit from rising yields, the sector seemed driven by other positive catalysts, such as upbeat earnings outlooks and healthy consumer credit trends. Real Estate (XLRE) also took advantage of the downward move in rates, climbing to 2.18%, as cheaper borrowing costs can boost property valuations. At the same time, Health Care (XLV) secured a 1.71% gain, reflecting investors' continued appetite for relative stability amid ongoing market shifts.

Industrials (XLI) rose 1.11%, buoyed by cyclical optimism, while Consumer Staples (XLP) notched a 1.10% gain, staying true to its usual role as a defensive haven. Materials (XLB) posted a moderate 0.78% advance, helped by hopes for global growth despite mixed economic signals. Energy (XLE) barely managed positive territory at 0.08%, as fluctuating oil prices and questions about global demand cast a shadow on the sector's outlook.

On the losing side of the ledger, Communication Services (XLC) shed 0.99%, while Consumer Discretionary (XLY) slid 1.11%, signaling investor caution around growth stocks like Tesla and Amazon. Utilities (XLU) dropped 1.31%, even though falling bond yields often support utility companies' dividend appeal—suggesting that concerns about broader market risks or regulatory pressures took precedence. Technology (XLK) endured the steepest decline at 3.98%, reinforcing the notion that investors remain wary of high-multiple growth names.

Overall, the downward shift in bond yields did not neatly dictate sector moves; Financials led the pack despite the usual playbook suggesting otherwise, and real estate was a clear beneficiary. Market participants appeared to be weighing macro trends, corporate fundamentals, and valuation concerns in equal measure. With sentiment shifting quickly, the sectors to watch are the ones most sensitive to evolving growth narratives, as well as those that stand to benefit—or suffer—from continued rate fluctuations.

Important Events next week:

Important economic events planned for the upcoming week are:

Monday (03/03): S&P Global Manufacturing (PMI), SIM Manufacturing Employment and PMI (Feb), Atlanta Fed GDPNow (Q1)
Wednesday (03/05): ADP Nonfarm Employment, Factory Orders, ISM Non-Manufacturing Employment and PMI
Thursday (03/06): Initial Jobless Claims, Nonfarm Productivity, Trade Balance
Friday (03/07): Average Hourly Earnings (Mom), Nonfarm Payrolls (Feb), Unemployment rate (Feb), Fed Monetary Policy Report, Fed Chair Powell speaks.

Important Earnings this week:

Several important earning reports and announcements are due in the coming week:

Monday (03/03): Okta (OKTA)
Tuesday (03/04): Auto Zone (AZO), CRWD (CrowdStrike), On Holding (ONON), Ross Stores (ROST)
Wednesday (03/05): Marvell Technology (MRVL), Veeva Systems (VEEV), Zscaler (ZS), JD.com (JD)
Thursday (03/06): BJ's Wholesale (BJ), Costco (COST), Hewlett Packard Enterprise (HPE), Broadcom (AVGO)
Friday (03/07): Samsara (IOT), Kroger (KR)

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:	It was mentioned that Microsoft is likely to come down further and it lost another 2.75% last week and drifted below the 400 level. Its last one-year price action and current overall market sentiments could cause it to dip further below to the 383 level before finding support. It is

	again recommended to close existing positions in Microsoft and wait for a better entry in this long-term leader.
NVDA:	Nvidia posted solid results as usual for the last quarter with promising overall growth and exceeding Wall Street expectations. However, its subsequent 8.5% drop on Thursday (followed by some recovery on Friday), however, the overall bearish sentiments in the market for Tech stocks (especially the AI sector) require investors to become nimble when considering Nvidia again. It is suggested to put any future addition / purchases on hold till the tide turn to our favor in Nvidia stock.
AAPL:	Apple lost 1.51% for the week and found support at its 20-week moving average line. Due to current market conditions, any new entries are put on hold for this long-term leader. If a 15-20% profit is available, then it is recommended to take some profits since Apple can also come down with the broader market.
COST:	Costco is reporting last quarter's earnings on Thursday (Mar 6) and analysts are looking for a continued strength both in revenue and earnings. Costco gained 1.63% last week and currently found support at its 20-day moving average. Costco is growing its e-commerce business and is a steady performer. It is again suggested to take some profits from the existing positions (if any) as it could come down to test its 20-day EMA at 1031 or 50-day EMA at 997. It remains our long-term pick.

Medium- and Short-Term Picks:

GOOGL:	It was mentioned last week that Google has changed course and could drop to 170.97 level which it did and settled just below its 50-week EMA line. It could find support here but with the current bearish market sentiments this pullback could continue, therefore, any new entry is put on hold.
META:	Meta lost another 2.25% last week as expected. It was mentioned that it could take a pause after a great run and hence it is time to reduce exposure which exactly it did. Like Google, it is recommended to watch overall market conditions for another entry at this point of time. After a long run, Meta could take its time to set up for another entry.
AMZN:	For the fourth week in a row, Amazon registered a red week with a loss of 1.99%. We think a bearish market sentiment could lead it to test 200 level at which point it is expected to find a support and would become **actionable.**

Interesting Stocks for Actions and Watchlist:

New Picks:

Due to recent developments discussed above, markets could remain choppy and even a pullback or correction (10-20% downside) is on cards. 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. Not only this, but it is also suggested to take smaller than usual long positions (such as 50% max of the normal position size) to avoid taking excessive losses under the current bearish conditions.

TW: Tradeweb has brushed off the market action and is coming out of a first stage base. It will become actionable if it crosses 135.51 on high volumes. Again, not more than 50% of normal position is suggested to avoid any undesirable losses. Next resistance is previous highs at 141.69.

CWAN: Clearwater Analytics is a provider of SaaS-based investment, accounting and analytics solutions. The company is supported by strong institutional support and after its recent earning surprise (14%) is eyeing a recent high at 32. Recent bullish action and current price at 31.10 **offers an early entry** for aggressive investors. Again, considering current market sentiments, not more than 50% of normal position is recommended.

Recently Picked Stocks:

JD:	JD is reporting its earnings on Mar 6 and analysts expect it to increase its revenue and earnings by 15% and 7% respectively on a yearly basis. Although it lost 1.23% last week, it is still above its key averages and a good report could lead it to new highs. On the downside, suggest a stop loss around 34.79 level.
BABA:	JD and Ali Baba are major e-commerce rivals in China, with Ali Baba also being prominent in cloud services and AI. Last week, it lost 7.82% after a hug recent run of six weeks in a row. This kind of pullback was expected and as mentioned last week chasing stocks at extended levels is risky. The stock is on our watchlist, and we will alert if a buy point is found soon.
GLDM:	Gold lost 2.75% from its highest levels after an 8-week gain. It is expected to further consolidate and come down to the 54-55 range at which point it will become **actionable** for a re-entry.

BYDDY:	The Chinese EV manufacturer finally stopped its run and encountered a 5% loss for the week. As mentioned last week we would like the stock to pull back to 83.67 levels to get some support as it still seems extended at these levels.
HIMS:	HIMS took another 8.50% hit last week in line with our expectations that it would come down after a steep rise. It provided a bullish 2025 outlook, but FDA has ruled that the notorious weight-loss drug Semaglutide is no longer in shortage hence it will soon have to stop making it as per FDA rules. We think it will again come down to test its recent lows around **36 at which point another entry could be attractive**.
NOW:	The software giant continued its slide with another 0.92% loss, however found support at 200-day moving average. Further weakness in the market could bring it a better lower price. Being a solid company, we would like to keep it on our watchlist to pick a better entry in future.
VIK:	VIK was almost flat last week, which shows short-term weakness. Given the current market environment, it would not be a surprise if VIK loses further ground before finding support around 42-43 levels.
ATEC:	ATEC found support at 10 and then reversed to score a fantastic 18% upside last week. With this momentum, we think that it is possible for stock to touch the 14 level beyond which it will become extended.
TSLA:	Tesla continued its plunge last week and is down by 42% from its all-time high of 488. Investors are worried about Elon Musk's involvement in restructuring of the U.S. government and its plunging sales in Europe and China. In Europe, Tesla sales in January were down by 45% on a yearly basis compared to a 37% rise in the overall industry sales. Tesla also fell below the Trillion-dollar mark and is likely to lose its 200-day moving average line and could find support at $275. We have been pointing out for several weeks that it is better to get out of any position in Tesla at the moment and wait for a better entry in future.
TSM:	TSM triggered a sell signal last week with an 8.93% loss last week. Although the stock could find support at its 200-day moving average but for the time being it is a good idea to put it in a watchlist unless the environment for the overall semiconductor industry improves.
GE:	GE recovered 3.58% last week from the prior week losses and closed above 200 level. As mentioned last week, it is time to take some profits and reduce the position (if any). The stock could consolidate to form another base. However, if it crosses its buy point of 212.29 then it will provide another **actionable entry** for aggressive investors.
AVGO:	Broadcom lost another 8.79% last week and fell sharply below its 20-day and 50-day moving averages, triggering a sell signal. Although it could get a bounce at these levels but with the current market conditions it could easily drift down towards the 200-day moving average line.

	Its earnings announcement is due on March 6, and it is suggested to take a cautious approach and wait for the market to come out of its recent pullback to consider a re-entry.
ETR/NI:	ETR and NI gained another +2.65% and +1.85% last week making it five weeks in a row besides a poor show in the overall Utilities sector. 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. These two Utilities have been a slow performer but have met our initial expectations.

Happy Trading and best regards,