

S&P 500 notches second weekly win besides slipping on Friday!!!

Stocks saw a slight pullback on Friday but still managed to lock in a second straight week of gains. The S&P 500 dipped 0.3% for the day yet finished the week up 1.7%, extending its two-week climb to 4.7%. Meanwhile, the Dow Jones Industrial Average and Nasdaq Composite also closed on Friday in the red, but each posted weekly increases of 2.2% and 1.7%, respectively.

Fueling this momentum are strong corporate earnings and upbeat news on tariffs. Next week brings a pivotal moment in earnings season, with four of the market's seven-largest companies—Microsoft, Meta Platforms, and Tesla reporting on Wednesday, followed by Apple on Thursday. Together, these tech behemoths represent around \$9.6 trillion in market capitalization, all set to reveal their quarterly numbers within a 24-hour window.

Get ready for an avalanche of buzz about artificial intelligence, cloud innovations, and new spending strategies. The tech titans are locked in a fierce arms race to out-invest each other in AI, and now they face a bold newcomer: The Stargate Project. This alliance—steered by OpenAI, SoftBank, and Oracle—just vowed to pour a colossal \$500 billion into AI data centers over the next four years.

Feeling the heat, Meta fired back this morning when CEO Mark Zuckerberg announced in a Facebook post that his company will channel \$60 billion to \$65 billion into capital investments this year. “This will be a pivotal year for AI,” he wrote, underscoring just how high the stakes have become in the battle for AI supremacy.

Beyond the headline figures, investors will be keeping a close eye on how these companies navigate evolving tech trends like AI, as well as ongoing geopolitical pressures. A solid showing could give the rally fresh legs, while any disappointment might spark renewed market volatility. In other words, buckle up—next week's reports could be a major turning point for the market's winter run.

Here is how the major indices performed last week:

Index	Friday (1/24)	Weekly	Monthly	YTD	1 Year
S&P 500	-0.29%	+1.74%	1.01%	+3.73%	+25.32%
Dow Jones Industrial	-0.32%	+2.15%	+2.60%	+4.42%	+17.50%
Nasdaq 100	-0.58%	+1.55%	-0.11%	+3.63%	+24.43%
Nasdaq Composite	-0.50%	+1.65%	-0.38%	+3.33%	+28.89%
Russell 2000	-0.28%	+1.43%	+2.37%	+3.50%	+19.05%

Sector Highlights:

Sector	Weekly Performance	Last One month
Communications – XLC	+3.10%	+1.25%
Healthcare – XLV	+2.95%	+3.58%
Industrial – XLI	+2.41%	+5.15%
Technology – XLK	+2.22%	-0.51%
Financials – XLF	+1.23%	+3.80%

Sector	Weekly Performance Last One month	
Real Estate – XLRE	+1.14%	+1.81%
Staples – XLP	+0.85%	-1.94%
Utilities – XLU	+0.82%	+3.94%
Materials – XLB	+0.76%	+4.06%
Discretionary – XLY	+0.34%	-1.90%
Energy – XLE	-2.82%	+7.88%

We mentioned in our last few commentaries that Health care sector (XLV) is at a key support while Communications sector traditionally loves the month of January. Last week, these two sectors were the winners as both took the lead over other sectors. Energy was depressed after a good one month run (and calls by newly elected President to bring the crude oil prices down) while Discretionary sector was bogged down mainly by Tesla. Although Tesla will be reporting its earnings on Wednesday, its technical chart shows a series of lower highs and lower lows which could be a precursor to further weakness unless there is a surprise in Tesla's report and future guidance.

The industrial and Material sectors also repaired a lot of damage since last October and tried to remain above their 50-day moving average. This shows a broader strength in the market as shown by RSP (S&P equal weight ETF) which is a measure of market breadth. It gained 1.19% last week on top of a 3.92% gain in the prior week. This shows that most stocks are participating in this rally rather than just concentrated in Mag7 or Mega Cap stocks.

Important Events next week:

Monday (01/27): New Home sales
 Tuesday (01/28): Durable Goods Orders, Consumer Confidence
 Wednesday (01/29): Crude Oil Inventories
 Thursday (01/30): Initial Jobless Claims, GDP (QoQ)
 Friday (01/31): Chicago PMI, Core PCE price Index (MoM and YoY)

Important Earnings this week:

Next two weeks are full of particularly important earning reports and announcements and could very well set the direction for the rest of the quarter. Some important companies to report earnings are:

Tuesday (01/28): Royal Caribbean Cruise (RCL), Boeing (BA),
 Wednesday (01/29): Meta Platforms (META), Chubb (CB), Brinker International (EAT), Tesla (TSLA), Microsoft (MSFT), IBM (IBM)
 Thursday (01/30): Atlassian (TEAM), Apple (AAPL), Caterpillar (CAT), Deckers (DECK)
 Friday (01/31): Chevron (CVX), ExxonMobil (XOM), Abbvie (ABBV)

Long-Term Stocks:

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 reports the latest fiscal quarter earnings on Wednesday (1/29). It is in a consolidation pattern with a 468.35 buy point and gained 3.5% last week after testing its 50-day EMA line. Its Azure cloud-computing sector and AI initiatives will be in focus as it is trying to attempt a breakout. Microsoft remains a long-term leader.
NVDA:	Although Nvidia gained a net of +3.6% for the week but on Friday it lost almost 4%. Keen investors are just not letting it go down for long. We are confident that it will deliver strong expected financial results and future guidance especially when it should be a beneficiary of the proposed Stargate AI program by the new administration. It remains a long-term leader and could test its all-time highs once it comes out of this consolidation phase.
AAPL:	We mentioned last week that Apple has a chance to go down and test the 220 level which it did on Friday. The stock is still under pressure amid a sharp decline in iPhone sales in China. We think there is a possibility that it will further go down and therefore, put this long-term leader on hold at this stage. Apple is also reporting in the coming week.
COST:	After finding support at its 50-week EMA line, Costco is flat before it finds its direction. As written earlier, it tested the 900-911 range and still provides an opportunity for investors who like this long-term leader.

Medium- and Short-Term Picks:

GOOGL	Google continued to show a good run with 1.13% last week. It has earnings due on 4 th February and its strong price action supports our bias for a high risk-to-reward entry at current prices as it bounced from the 20-Days EMA line. Suggested stop loss at 8%. Google is part of the Communications sector which has January and May being bullish months.
META:	Meta was a winner last week with a 5.67% gain and scoring an all-time high again on Friday as its CEO Mark Zuckerberg mentioned that the company plans to spend \$60-65 billion this year on its AI infrastructure. Meta will announce its latest results on Wednesday (after closing) and current hype is showing that the market is waiting for another strong report from Meta. In the long run, it is likely to continue its bullish pattern.
AMZN:	Amazon gained another 3.94% this week to set a new high confirming our positive bias for Amazon since October (suggest taking some profit if 15-20% level is achieved). It is still in an actionable buy range to add further positions (up to 50%).

PLTR:	PLTR is back to its highs, although it seems extended at its current levels, but we think in the long run it could pay off and will be attractive around its 20-day EMA (currently 73.34)
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Interesting Stocks for Actions and Watchlist:

New Picks:

KVYO: Looking for an AI player? Klaviyo, which is a new IPO, uses AI technology to enable its customers to harness their data to send messages to potential customers. It is showing continuous relative strength and outperforming the broader market while it gets close to its all-time high. **An alternative entry could be made** at current prices targeting 50.

Recently Picked Stocks:

NOW	Picked last week, ServiceNow gained 5% and is ideally suited to test its previous high of 1157.90 or even beyond. As such stock is slightly extended but any pullback to its 20-day EMA (currently 1011.45) will be ideal for an entry. ServiceNow earnings are scheduled for 29 th January and its strong relative strength is pointing that Wall Street is expecting another good quarter of earnings and strong future guidance from this software maker.
VIK	Picked last week, Viking also gained 2.72%, confirming our positive bias while touching a new high around 50 and then reverting back. It might take a pause before climbing further. A better entry would be its rising 20-day EMA.
ATEC	After a phenomenal gain of 16.05% in the prior week, this stock took a breather by retreating by 4.84%. Any further pullback between 9.8-10.6 range will likely find support for an entry.
WMT	Walmart recovered its prior week loss and gained 1% this week. It is trying to consolidate in the current range before preparing for a move. We think it has the potential to go up and test the 100 level with a stop loss just below its 50-days EMA line.
AMD	AMD again resisted further downward movement and gained 1.14% last week. If it breaks 01/10 low at 114.41 then according to our rules the positions should be closed, otherwise aggressive investors could wait to see a test of 130.
GEV	Although GEV lost 3.93% last week but we think it is taking a pause before setting its future direction. This spin-off of General Electric reported a 140% EPS jump while revenue grew 5% (although both missed estimates). GE Vernova expects growth in its

	power and electrification segments. It is advisable to take some profits at 15% profit level and observe the stock behavior for the remaining position.
TSLA	Tesla has its earnings scheduled for 29 th January but lost 4.67% last week and continuously showing lower highs and lower lows. It might be building a base and if before earnings it clears 439.74 then aggressive investors could take a chance on its results. Investors will be looking to 2025 delivery guidance as Tesla failed to hit its target of annual vehicle unit growth in 2024 compared to 2023.
TSM	TSM beat its top and bottom-line estimates (Revenue and Earnings) resulting in a push higher (although Friday was a red day for TSM). The stock is in an actionable range, but we think that anything close to its 20-day GE EMA (205.26) will provide a better entry for this chip maker.
ANET	ANET continued to march higher with a 7.69% gain last week. First mentioned in November, the stock is extended at these levels. Suggest moving the stop loss further up to 106 level.
ALAB	As mentioned last week, ALAB failed to move past 135.81 and dropped by another 13.32% this week, triggering a sell signal. For the time being we are moving this stock to a watchlist till it repairs its chart.
GE:	GE gained 7.60% last week after it reported a 16% rise in revenue and a 46% increase in orders, beating estimates. We mentioned last week that its strong relative strength showed that Wall Street was expecting a strong report from GE which it did. However, now the stock seems a bit extended, and it could come down to close the gap from 190 at which point it will again become actionable .
AVGO:	Like Nvidia, Broadcom should also be a beneficiary of the proposed Stargate program as it will boost demand for its semiconductors and other products. It reached 3.06% last week and seem all set to test its buy point at 251.88 .
ETR/ NI	ETR and NI are two potential utilities which were highlighted a month ago. Last week, ETR gained .65% while NI lost 0.92%. These stocks are gaining on behalf of their AI data centers prospects; however, they are extended at current levels. Suggest letting them catch up with their moving averages for an entry.
CCL	CCL is consolidating in a narrow range. We mentioned earlier that the stock still has a chance since it is bouncing off from its 50-days EMA. Aggressive investors could still make an entry with a stop loss below 23.2 (or 8%). Carnival is expecting a 20% earnings growth in 2025 and will soon open a private Caribbean Island.

Website:

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