

## Markets Keep Climbing, But the Real Drama Kicks Off Next Week

The bulls aren't backing down—Wall Street wrapped up a flawless week of gains, with the S&P 500 notching new highs every single day. That's five straight sessions of record-breaking momentum, a feat not seen since the tail end of 2021. The Nasdaq is on its own tear, logging nine closing records in the last ten trading days, while the Dow continues its comeback march, now just a whisper away from its first high since December.

But if this week was a highlight reel, next week might be the plot twist. Nearly 35% of companies in the S&P 500 have posted their quarterly numbers, with the average stock climbing by about 0.6%. Solid—but the real fireworks are inbound. Tech juggernauts like Apple, Amazon, Meta, and Microsoft are set to take the stage, and with them, investor attention is about to sharpen.

Despite the market's lofty levels, institutional appetite hasn't cooled. Fund managers are still chasing momentum, betting that this earnings season has more juice, especially with many companies sandbagging guidance earlier this year thanks to global uncertainty. A round of positive surprises might just be waiting to be unveiled.

Meanwhile, another heavyweight steps up next week: the Federal Reserve. The central bank will release its latest rate decision on Wednesday. Despite public pressure from the White House for rate cuts, market odds for a July pivot remain slim at just 2.6%. However, a September adjustment is still on the table, with a 64.1% probability.

The Fed finds itself walking a tightrope. Easing now could look like political submission, holding firm risks more heat from Washington. Expect Powell to stick with the pack—for now—while using his press conference to quietly prepare the market for a possible shift in tone come September.

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.

### **Major Index Performance (Week Ending July 25<sup>th</sup>):**

Index	Friday Close	Weekly	Monthly	YTD	1-Year
S&P 500	0.40%	1.46%	4.87%	8.62%	18.33%
Dow Jones Industrial	0.47%	1.26%	4.47%	5.54%	12.44%
Nasdaq 100	0.23%	0.90%	4.65%	10.76%	23.59%
Nasdaq Composite	0.24%	1.02%	5.68%	9.31%	22.85%
Russell 2000	0.37%	0.92%	5.85%	2.06%	2.89%

### **Sector Performance (Past Week):**

Sector	Weekly Change	One-Month Trend
Health Care (XLV)	3.52%	1.93%
Materials (XLB)	2.38%	6.39%
Industrials (XLI)	2.33%	7.80%
Real Estate (XLRE)	2.27%	3.78%
Financials (XLF)	1.71%	3.94%
Communications (XLC)	1.35%	2.29%
Energy (XLE)	1.33%	3.03%
Discretionary (XLY)	1.22%	5.55%
Utilities (XLU)	0.92%	4.99%
Staples (XLP)	0.75%	1.57%
Technology (XLK)	0.42%	5.07%

All eleven sectors were green for the week. A quick review of their charts clearly shows that all major indices and the S&P sectors are in strong uptrend. However, last week shows a change in character. Healthcare, which was lagging, took a leap forward and was the best performing sector last week. Materials continued to show resilience amid renewed strength in Gold and Copper while Industrials continued to excel. On the other hand, while positive, the aggressive sectors (XLK, XLC and XLY) were in the lower spectrum, especially the red-hot Technology sector took a back seat. Noteworthy is the fact that defensive sectors like Staples, Utilities and Real Estate performed better. This shows that under the surface there is a capital rotation going on from aggressive to neutral and defense sectors and this could be a precursor to the next wave of selling coming to the aggressive sectors.

As July winds down, the heat may cool off in Tech and AI. With seasonality patterns pointing towards a cool-off, technical signals pointing to potential resistance, and a possible capital rotation underway, bulls should stay sharp—and maybe keep one hand near the profit-taking button.

### **Important Economic events next week:**

Some important economic events scheduled for the upcoming week are:

Tuesday (07/29): Consumer Confidence, JOLTS Job Openings, Atlanta Fed GDPNow (Q2)

Wednesday (07/30): ADP Nonfarm Employment Change (Jul), Core PCE Prices (Q2), GDP (Q2), FOMC Statement, Fed Interest Rate Decision, FOMC Press Conference

Thursday (07/31): PCE Price Index, Personal Spending, Initial Jobless Claims, Chicago PMI

Friday (08/01): Nonfarm Payrolls, Unemployment Rate (Jul), S&P Global Manufacturing PMI, ISM Manufacturing PMI, ISM Manufacturing Prices

### **Important Earnings this week:**

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

Monday (07/28): Cadence Design (CDNS), Exelixis (EXEL), Boeing (BA), Booking Holdings (BKNG)  
 Tuesday (07/29): Royal Caribbean Group (RCL), SoFi Technologies (SOFI), Seagate Technologies (STX), Visa (V)  
 Wednesday (07/30): Agnico-Eagle Mines (AEM), Arm Holdings (ARM), Carvana (CVNA), EBay (EBAY), Garmin (GRMN), Robinhood Markets (HOOD), Meta Platforms (META), Microsoft (MSFT), Western Digital (WDC)  
 Thursday (07/31): Apple (AAPL), Amazon (AMZN), KLA (KLAC), Cloudflare (NET), Reddit (RDDT), Chevron (CVX), ExxonMobil (XOM), Roblox (RBLX), Mastercard (MA)

### **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.

<b>NVDA</b>	<p>The chip market leader Nvidia gained another 0.63% to score a new high again. 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. 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.</p> <p>Therefore, for Nvidia it is suggested to wait for a pullback for a better entry which could give us a better risk-to-reward ratio.</p>
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### **Interesting new picks for Watchlists:**

1. AGX: Argan, through its subsidiary Southern Maryland Cable, Inc., provides inside premise wiring services to the federal government and construction services to several other utilities. **Current prices provide an early entry** for a buy point at previous high 246.15. The stock is already up by 211.72% in last one year and is expected to continue its bullish trend.
2. SHOP: Shopify is a Canada based e-commerce software and payment platform which is continuously growing its monthly revenues for last 5 quarters now. It cleared a 116.74 buy point in prior week. Although Sep-Oct are traditionally weak months overall, August and November have proved to be very good months. Keep this in watchlist for a possible pullback to the buy point for an entry.
3. DHI: Homebuilders group has recently turned corners and in last one month has improved by 10%. A check on homebuilders reveal that homebuilders love the months of July and November. D.R. Horton is one of the leading national homebuilders and has returned 14.16% during the last one month while also paying 1.03% annual dividends. While long-term it looks fine but in the short term (next 3 months) it might take a breather. Therefore, we are putting this in our watchlist for a possible jump in October or early November.

### **Medium- and Short-Term Picks:**

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

<b>IONQ</b>	IONQ was picked last, however, as mentioned last week, it is a high volatility stock due to nature of quantum computing (accordingly a smaller position size was suggested). It lost 7.18% last week and hence any new entry should be put on hold.
<b>ATAT</b>	Atour was flat last week with a loss of 0.67%. <b>Shares are still in a buy zone</b> starting from 34.32.
<b>GBTC</b>	GBTC continued to take rest last week as it lost another 0,53%. <b>GBTC is still in a buy range.</b>
<b>SAP</b>	The EPS for SAP rose 36% while revenue grew by 9% for the second quarter, ending on June 30 <sup>th</sup> . Cloud computing revenue also rose, just missing the estimate, causing a solid 5.76% drop in share prices. We think this breakdown could further pull it down to test the 200-day EMA line, hence the position should be closed, and stock should be put in a watchlist for a better entry in future.
<b>AMZN</b>	Amazon continued pushing upwards with another 2.35% gain as it came out of the buy zone. It is likely to test 242.52 (previous highs).
<b>AVGO</b>	Picked up now five weeks ago, Broadcom made another new high and gained 2.41% for the week. 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 (277) could provide another entry. Till that time, investors could ride the trend.
<b>RCL</b>	Picked five weeks ago now, Royal Caribbean Cruises gained another 0.77%, making it six weeks in a row. We again recommend taking some profits and holding the rest for a few weeks to continue the run. Its earnings are due on Tuesday, and it will be interesting watch its behavior although it seems bit extended at current level.
<b>AEM</b>	AEM was a winner with 7.75% last week with a new all-time high. Its earnings are due on Wednesday and hence any new entry should be put on hold although the long-term trend remains intact.
<b>CRDO</b>	CRDO came back strongly after losing 5.1% last week and gained 8.29% this week with another all-time high. It may be a good time to reduce the position size and let the rest run.  Caution: These types of stocks are suited only to aggressive investors because of high volatility.
<b>CIBR</b>	CIBR again performed better than ZS by gaining 0.61% last week. It is actionable at current prices with a stop loss below 70.  For long-term investors in AI, semiconductors, and cybersecurity, the Cybersecurity ETF CIBR is another way of investing in these stocks.

<b>MELI</b>	MELI lost another 2.11% last week as it continues to struggle below the 50-day EMA line at 2410.20. We maintain a hold stance for this Latin American company stock at the moment till it finishes the week above the 50-day EMA line.
<b>AU</b>	Anglogold Ashanti was another winner last week with 5.25% gain although it was rejected at all-time highs. We maintain a hold stance on it and suggest taking some partial profits as its rebounds continues.
<b>NOW</b>	<p>ServiceNow earning easily beat the estimates while rising 31% for the second quarter. ServiceNow also guided higher for the current quarter. Its shares jumped on Thursday but fell solidly on Friday and closed below the 50-day EMA. If it pulls back above the 50-day EMA again (979.70) then <b>it will provide an entry</b> with a stop loss below 934. Otherwise, it could further fall back to 924-934 range.</p> <p>rebounded from its 200-day EMA and gained 2.62% for the week. Its earnings are scheduled for 7/23 so care should be taken for any new entry at this stage.</p>
<b>META</b>	<p>META gained 1.19% for the week as it consolidates in a tight range. Its earnings are scheduled for release on Tuesday; therefore, care should be taken and let the market play out on earnings.</p> <p>META has been focusing on advertising market and bringing AI to boost its business in competition with Google, Amazon and Microsoft. Its stock is up 22% this year as it is approaching its second quarter earning report next week. After earnings, the 50-day EMA at 687 may serve <b>as a good entry point</b> if there's a pullback.</p>
<b>TSLA</b>	Tesla came out with earnings and stock gapped down to test 300. A recovery rally occurred on Friday; however, it was still below key moving averages. If Tesla moves above the 50-day moving average, chances are that it will eventually get back to 370 otherwise there is a chance of further sliding down.
<b>MSFT</b>	Microsoft continued to gain this week making it 9 in a row. Its earnings are expected on Tuesday, and street will be watching steadily growing earnings and sales while Azure being the key growth area. We think that a pullback towards the 20-day EMA line is due which could provide a suitable entry.
<b>GOOGL</b>	Google earnings came above estimate resulting in a gap up on Thursday followed by a drop later in the day. Google also announced a substantial capital expenditure plan to support both its ongoing and future artificial intelligence initiatives. Alphabet is slightly overbought at these levels and is expected to consolidate or rise slowly to test the 200 level.
<b>CVX</b>	It was mentioned last week that CVX was still in a buy range, an expectation that it met with a rise of 3.20% gain. Chevron shares are likely to move up to 167 level

	eventually as its earnings are scheduled for release on coming Friday. At this point, it is suggested to wait for earnings before any further entry.
<b>SMH</b>	Semiconductor sector pulled back last week with a 0.97% loss. We are expecting a pullback in this ETF starting mid-August besides a strong upcoming week.  Due to weak seasonality pattern ahead, it is suggested to hold off any new entries at this point.
<b>MPLX/HESM</b>	MPLX gained 0.36% but HESM lost 1.76% after a very strong prior week. In fact, HESM first pulled back strongly to test its 50-day EMA at 38.61 before rebounding. With high dividend yields, these pipeline operators are ideal for investors who want a continuous stream of income.
<b>BABA</b>	After a strong prior week, BABA consolidated and was almost flat. As mentioned earlier, it is still undervalued and could rise to next resistance at 131.21. However, it is possible that it tests the upper end of gap around 113.
<b>GLDM</b>	Gold was flat with a 0.33% loss for the last week as it continues to consolidate in a tight range (last 3 months). We think there are good long-term prospects for gold, and it provides an <b>actionable entry</b> at current levels with a stop loss below 62.70.

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Happy Trading and best regards,

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