

Stocks Surge to New Highs Amid Tax Bill Progress and Trade Optimism

Stocks soared into record territory during the July Fourth week, driven by the GOP's urgency to pass President Donald Trump's tax and budget legislation by Independence Day and finalize trade deals by July 9. On Tuesday, Vice President JD Vance broke a critical Senate tie, sending the bill swiftly back to the House. Buoyed by these developments, both the S&P 500 and Nasdaq Composite surged to new highs on Wednesday, repeating their record-breaking performance during Thursday's abbreviated session. Although June's jobs report topped forecasts, deeper analysis revealed a softer core, with private sector payrolls increasing by just 74,000 compared to the anticipated 100,000. Nonetheless, the House quickly passed the tax bill shortly thereafter.

Overall, for the week, the Dow Jones Industrial Average climbed 2.3%, the S&P 500 gained 1.7%, and the Nasdaq advanced by 1.6%. Despite a solid 2.2% rise, the Dow narrowly missed new highs, falling just shy of reclaiming the coveted 45,000 benchmark. Solar stocks shined brightly among industries, bolstered by an unexpected tax incentive in the Senate's budget bill. Oil prices also edged upward, riding on optimism around demand recovery. Meanwhile, the 10-year Treasury yield increased to 4.34%, marking its first weekly rise since early June.

Turning to international trade, markets approached July 9 with caution, as President Trump's 90-day pause on reciprocal tariffs exceeding 10% expired. With finalized trade agreements secured only with the UK, Vietnam, and China, uncertainty lingered. Trump's May threat to impose a hefty 50% tariff on the European Union underscored challenging negotiations, while talks with Japan remained sluggish, stymied by substantial differences over automobiles and rice. Despite these difficulties, sentiment leaned toward de-escalation, as markets placed bets on Trump steering clear of risking fresh economic disruptions. News of the Vietnam deal on Wednesday notably boosted market morale; although Vietnam's tariffs are set to double to 20%, this remains significantly below the initial 46% tariff rate proposed in April.

In the retail sector, major players are gearing up to ignite summer spending sprees. Amazon's highly anticipated Prime Day event is scheduled for July 9-11, Walmart promises six consecutive days of compelling online discounts beginning Tuesday, and Target has also announced its own summer promotions. These strategic sales could potentially fuel a stock surge for these retail giants throughout July. However, investor confidence continues to predominantly favor the technology sector, maintaining overall market bullishness.

The performance of major US indices during the last week was as follows:

Index	Friday (7/04)	Weekly	Monthly	YTD	1-Year
S&P 500	0.83%	2.25%	5.18%	6.76%	13.41%
Dow Jones Industrial	0.77%	3.32%	5.43%	5.37%	14.04%
Nasdaq 100	0.99%	1.87%	5.56%	8.83%	13.28%
Nasdaq Composite	1.02%	2.15%	6.20%	6.68%	13.27%
Russell 2000	0.93%	3.56%	7.02%	1.47%	11.79%

S&P Sectors Flash Green as Investors Pivot to Growth and Cyclical Ahead of Mid-August

The performance of S&P 500 sectors during the past week was as follows:

Sector	Weekly Change	One-Month Trend
Energy (XLE)	1.49%	4.98%
Financials (XLF)	2.70%	4.49%
Technology (XLK)	2.35%	8.85%
Communications (XLC)	2.51%	6.59%
Staples (XLP)	2.51%	-0.07%
Real Estate (XLRE)	2.03%	1.29%
Industrials (XLI)	2.81%	4.27%
Discretionary (XLY)	2.88%	2.90%
Utilities (XLU)	0.83%	0.01%
Materials (XLB)	4.09%	4.67%
Health Care (XLV)	0.95%	2.34%

10 out of 11 S&P sectors moved higher on Thursday but for the week all 11 were green with Materials, Industrials, Discretionary, Communications and Technology leading the pack. Over the past month, sectors such as Technology, Consumer Discretionary, and Communications have performed strongly, indicating investor interest in higher-risk strategies. There has also been some capital rotation into Materials, Industrials, and financial sectors. Staples, Utilities, and Healthcare have generally lagged, though Biotech within Healthcare has recently rebounded.

Energy on the other hand is taking a back seat after Crude oil prices cooled down amid a pause in the Middle East conflict. A noticeable improvement was in solar stocks which led the week's gains rising on a surprise tax benefit in the Senate's budget bill benefiting companies like SolarEdge (142.45%), Sunrun (37.25%), Plug (20.49%), First Solar (18.89%) and Jinkosolar (17.51%).

Investors' appetite towards aggressive areas points towards the risk-on mode in the market and a continuation of trend for next one month before a noticeable pullback. However, as these sectors become hot, profit taking could also kick in at times (especially during the Options expiration times) and hence investors should remain cautious in their overall approach. July, meanwhile, remains an overall bullish period and we expect the markets to continue current bullish run till Mid-August.

Important Economic events next week:

Not many important economic events in the upcoming week besides FOMC Meeting Minutes and Initial Jobless claims.

Wednesday (07/09): 10-Year Note Auction, FOMC Meeting Minutes, Atlanta Fed GDPNow (Q2)
Thursday (07/10): Initial Jobless Claims

Important Earnings this week:

There is not much left for the upcoming week as earning season is close to an end.

Wednesday (07/09): Penguin Solutions (PENG)

Thursday (07/10): Delta Airlines (DAL), Levi Strauss (LEVI), Cintas (CTAS)

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	Nvidia closed at new all-time high at 159.34 as it rose again to new all-time highs, becoming the largest company by market cap. Our TR indicator shows Nvidia in a strong trend and is still actionable at current levels . Nvidia typically performs well in July, and similar results are expected this year. It remains a long-term leader.
COST	We maintain our hold and watch stance on Costco which was flat last week. Although Costco remains a long-term leader, we think this is the time to take a pause and wait for a better entry as Costco is likely to catch up with the 50-week EMA line (currently at 931.87) which will provide a better entry.

Interesting new picks for Watchlists:

It is a good time to get aggressive as market is in a bullish trend and breaking out. As mentioned earlier, this bullish period tends to historically last till Mid-August. There are several interesting stocks available to consider:

ATAT	Atour LifeStyle is a Chinese operator of hotel chain which is in demand as shown by its strong Relative Strength and Accumulation/Distribution line. It has been showing good earning growth and is expected to show a 28% sales increase in its next report due in August. Shares are currently in a buy zone (buy point is 34.32) and are expected to rise in the near future. Caution: Chinese stocks in general are more volatile in nature therefore investor caution is warranted.
GBTC	Want to bet on Bitcoin? Bitcoin is expected to continue its long-term increase and GBTC is a fund that could let you play without investing directly in bitcoin. It is currently at a buy point on its daily TR indicator and within a buy zone on its weekly TR indicator.

Medium- and Short-Term Picks:

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

SAP	Picked last week, the German ERP software maker was up by 0.87% in the current week. It is still actionable at current prices with a 15-20% gain target while maintaining an 8% stop loss.
AMZN	Amazon was flat during the short week as it broke out last Friday. It is still currently in a buy zone as per our TR indicator. Its prime day is on July 9-11, and it is expected to touch 242.52 (previous high) ... Let's see if it holds this buy zone.
AVGO	Picked two weeks ago, Broadcom broke out to new highs with another 2.16% increase. Although in a long-term bullish trend, it is approaching the overbought territory and pullback to its 20-day EMA line (258.60) could provide another entry.
RCL	Picked just two weeks ago, Royal Caribbean Cruises registered another 8% gain and has been up 21.7% in just 8 trading days as it moved to new highs. We recommend holding it for a few weeks to continue the run.
AEM	AEM continued its rebound from the support as it gained 3.39% last week. We think it provides an actionable entry at current prices as the gold is likely to resume its uptrend after a three-month consolidation with a stop loss below 114.60.
CRDO	<p>Credo Technology was picked up three weeks ago and since then it has already gained 26% with being almost flat last week. It appears overbought, so take some profits and let the rest ride while the trend continues.</p> <p>Caution: These types of stocks are suited only to aggressive investors because of high volatility.</p>
CIBR	Our favorite Cybersecurity ETF gained another 1,80% last week as it continued to form new highs. For long-term investors in AI, semiconductors, and cybersecurity, the Cybersecurity ETF CIBR is still actionable and worth considering at this level. Cybersecurity has become a priority for businesses in the new digital age and CIBR provides a good way to play with names like CRWD, ZS and RBRK.
MELI	MELI lost 1.80% and slipped from an all-time high of 2645 to close the week at 2514. We suggest any entry for hold as July and August have historically been strong months for MELI, often called the Amazon of Latin America.
AU	Anglogold Ashanti regained 6.45% last week as it found support at its 50-day EMA. Maintain a hold position on it and take some partial profits as its rebounds continues.
NOW	ServiceNow was 3.79% up on Thursday and is on its way to test its previous highs (earnings on 07/23). June-August is also traditionally a strong period for this software company, and it is still actionable at current level .

META	META lost 2% last week after a 7.52% gain in the prior week as it pulled back from a breakout attempt at 739.68. Its long-term trend is still favorable, but we think it will catch up with the rising 20-day EMA (701.26) which will be a better entry. Meta stock has advanced 23% this year, best among the Magnificent Seven Stocks. It also got a price target boost from an analyst (from 635 to 740).
TSLA	With the renewed feud between Tesla owner Elon Musk and President Trump, Tesla is currently under pressure and eventually found support at its lower Bollinger band at 293.21. The 22 nd June event of Robotaxi launch also did not provide enough optimism to investors interested in its stock. With the new bill effectively taking out credits for EV vehicles we think Tesla stock could struggle in near future and hence should be put on a watchlist for the time although July has been a strong month for Tesla.
MSFT	Microsoft continued its advance with another 0.58 gain. It is extended at current levels and as stated last week is facing resistance around 500. We should wait for a pullback to get a proper buy point such as 450-461 range.
GOOGL	After gaining 7.14% in the prior week, Google gained another 0.56% this week. Aggressive investors could still try another alternate entry at current prices with a stop loss below 162.
CVX	Chevron recovered 3.19% in last four days after the sharp pullback. We recommended it at 133 eight weeks ago and again advise reducing the position due to struggling oil prices. It is not a growth stock and is not likely to move quickly but could provide a solid dividend (4.61%).
ZS	ZS was flat last week as it crossed the 309.19 follow-up entry. ZS looks very strong, but we still think that given its ascent during last 13 weeks, it is better to invest in the Cyber Security ETF CIBR instead of one stock which could stage a pullback.

Recently Picked Stocks:

T	AT&T gained another 1% last week as it attempted to break out from 28.73 before reversing. The long-term technical are in favor of a bullish trend for this dividend player (3.91% annual yield) but it is not a growth stock and moves slowly, though we expect it to stage a breakout again from 29.19 level.
SMH	Semiconductor ETF gained another 0.84% last week amid strong surge in Nvidia, AMD and AVGO. As mentioned, it surpassed the buy point of 281.92 and still looks good for further increase during the bullish month of July.
ATGE	The education stock has nearly flashed a sell signal by falling below the 50-day moving average. But volume has been light, so it's not a clear sell trigger.

	Meanwhile, it is continuing to form a consolidation with a potential buy point of 140.12, though the uptrend is getting long in the tooth. While earnings and price performance remain strong, the RS line has been falling since early June, a negative sign. We think that current pullback offers another entry with a tight stop loss below 117 for aggressive investors.
MPLX/HESM	Both pipeline operators lost approximately 1% last week. Long-term investors could buy and hold these stocks for a continuous stream of income at current levels.
BABA	BABA lost 4.72% last week but still think that current pullback could give an opportunity as it still seems undervalued and could rise from here to 131.21. Suggested stop loss around 102.98.
GLDM	Gold recovered 2% last week signaling that it may come out of its consolidation phase (last 3 months). We think there are good long-term prospects for gold, and it provides an actionable entry at current levels with a stop loss below 62.70.
ETR/NI	Our favorite utility players lost ground by 1% approximately last week. Given their good dividend payouts, these two utilities stocks are expected to move forward and test their recent highs at 87.25 and 40.79 respectively while continuing trending in a tight range. We still think these are good long-term dividend buyers offering entries at current prices .

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