

Market Update: Optimism grows amid unconfirmed rally ...

The stock market remains in a recovery phase, but a confirmed uptrend has yet to emerge. Despite continued rallying attempts, the absence of a follow-through day leaves investors cautious. Over the past week, all major indices including Nasdaq, Dow Jones and S&P 500 managed modest gains. Gold and insurance sectors showed relative strength, while Chinese equities faced renewed pressure. Meanwhile, Treasury yields moved slightly lower.

Federal Reserve Chair Jerome Powell struck an optimistic tone regarding the economic outlook, offering a degree of reassurance to investors. While the Fed continues to navigate uncertainties tied to tariffs and fiscal policy, its latest projections show an anticipated 50 basis points in rate cuts for 2025. Economic growth is expected to cool to 1.7%, with year-end unemployment now forecasted at 4.4% and core inflation rising to 2.8%.

Markets reacted favorably to Powell's view that tariff-driven inflation is likely "transitory," as well as his indication that the Fed will slow the pace of reducing its Treasury holdings. While business and consumer sentiment indicators have softened, Powell reaffirmed that key economic fundamentals remain solid.

Labor market data supported that sentiment, with initial jobless claims for the week ending on March 15 staying low. On the consumer front, February retail sales were weaker than anticipated, driven by a 1.5% drop in restaurant and bar spending—likely impacted by weather conditions. Nonetheless, core retail sales, which exclude volatile categories like food services, autos, gas, and building materials, rose a healthy 1%.

As the market continues to seek firm direction, investors may find it wise to focus on stocks exhibiting relative strength and resilience, positioning themselves for potential leadership in the next confirmed uptrend.

Here is how major indices performed last week:

Index	Friday (3/21)	Weekly	Monthly	YTD	1-Year
S&P 500	+0.08%	+0.51%	-5.75%	-3.64%	+8.13%
Dow Jones Industrial	+0.08%	+1.20%	-3.32%	-1.31%	+5.54%
Nasdaq 100	+0.39%	+0.25%	-8.61%	-5.99%	+7.83%
Nasdaq Composite	+0.52%	+0.17%	-8.91%	-7.91%	+8.43%
Russell 2000	-0.62%	+0.67%	-6.22%	-7.56%	-0.87%

Both Nasdaq and S&P 500 finished green this week to avoid a 5th consecutive weekly decline, which would have been their longest losing streak since May 2022 while small cap index Russell 2000 index ended up green last week to avoid 6th consecutive losing week. Major indices have been baffled by the big drop in Tesla who has declined for 9th consecutive weeks, its longest losing streak in its history. Although Tesla seems to have found support for the time being and looks set to move past 250.

There could be two reasons behind the attempted rebound last week. One is that the market was rapidly sold off in over-sold conditions and a rebound (because of dip buying investors) was likely at these low levels. Another was the Triple witching day on Friday, i.e., Monthly Options, Future contracts and Future options expiration. During these times, market makers try to reduce in-the-money premiums on expiring options. In fact, it is estimated that \$4 trillion options contract expired worthless due to these prices rebound.

Sector Performance Overview:

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

Sector	Weekly Performance Last One Month	
Energy (XLE)	+3.07%	+1.75%
Financials (XLF)	+1.94%	-2.54%
Health Care (XLV)	+1.15%	+0.12%
Communications (XLC)	+1.06%	-5.26%
Industrial (XLI)	+0.85%	-1.92%
Discretionary (XLY)	+0.38%	-9.59%
Real Estate (XLRE)	+0.14%	-1.70%
Technology (XLK)	+0.01%	-8.90%
Utilities (XLU)	-0.15%	-1.89%
Materials (XLB)	-0.22%	-2.59%
Staples (XLP)	-0.23%	-3.47%

Over the past week, several S&P 500 sectors experienced an increase, with cyclical areas showing the most significant growth. Energy topped the performance chart with a 3.07% gain, followed by Financials (+1.94%) and Health Care (+1.15%), signaling rotation into more economically sensitive sectors. Communications and Industrials also posted mild gains, while Consumer Discretionary and Technology showed slight improvements after recent sharp declines. However, Technology remains one of the weakest performers over the last month, down 8.90%, with Discretionary close behind at -9.59%.

Defensive sectors such as Utilities, Materials, and Staples ended the week in negative territory, continuing their broader monthly downtrend. Despite some week-over-week recovery, most sectors remain in the red for the past month, reflecting ongoing investor caution amid economic uncertainty

and shifting rate expectations. Overall, the market is showing early signs of rotation, but sustained leadership and broader recovery are still developing.

Important Events next week:

Important economic events planned for the upcoming week are:

Monday (03/24): S&P Global Services PMI, S&P Global Manufacturing PMI

Tuesday (03/25): Building Permits (Feb), Consumer Confidence, New Home Sales

Wednesday (03/26): Durable Goods Orders, Crude Oil Inventories, Atlanta Fed GDPNow (Q1)

Thursday (03/27): GDP, Initial Jobless Claims, Core PCE Prices

Friday (03/28): Core PCE Price index (MoM an YoY), Personal Spending, Consumer Sentiment (Mar)

Important Earnings this week:

Earnings season is nearly over with little remaining for the last week of March. Some important earning announcements are:

Tuesday (03/25): Atour Lifestyle (ATAT)

Wednesday (03/26): McCormick (MCK), Chewy (CHWY), Cintas (CTAS), Paychex (PAYX)

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:	As mentioned last week, 376.91 - 393 range provided support to Microsoft, which after a steep decline, finally was able to make a modest gain of 0.69% last. It is important for Microsoft to hold this area. Microsoft has been the worst performer among the Mag7 stocks and is fully priced at 29 times the current year's earnings. However, its A/D line (Accumulation / Distribution) line is signaling that wall street is accumulating stocks at these low prices. An aggressive entry could be made in case a follow-through day in the broader market is observed.
NVDA:	Nvidia's much awaited GTC (Global Tech Conference) event this week was not enough to provide a boost to its stock, which lost 3.26% this week. Since it is trading below its key moving averages, there is a strong risk for Nvidia to roll over to its recent bottom at 104.76. For the time being, it is not recommended to make another entry in this long-term leader unless it stages a strong move upward above its key moving averages.
AAPL:	Apple recorded another red week with a 3.26% loss. We have been mentioning for the last two weeks to cut position sizes and secure some profits as things are not looking good for this long-term leader. Several analysts have cut their forecasts for Apple with falling iPhone sales and uncertainty around tariffs. It is already below 200-day EMA line and could further come down with the broader market weakness before finding support.

COST:	<p>Costco finally found support at 200-days EMA (also testing the 50-week EMA mentioned last week) and gained a mild 0.59% last week. 6.26%. This level is important and should be watched because if it is lost then the stock could struggle below it for a longer period.</p> <p>Costco remains a long-term leader; a small position (not suggested more than 1/3rd of regular size) could be taken by aggressive investors to take advantage of this pullback. However, it is trading at a high P/E ratio relative to near-term earnings growth and hence further pullback is possible if the broader market weakness.</p>
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Medium- and Short-Term Picks:

GOOGL:	Google lost 0.91% last week and seems to be settling down at these levels. As mentioned last week, any new entry is put on hold till a follow-through day is registered in S&P 500. Google's fundamentals are good
META:	Meta lost another 1.87% last week. As mentioned last week, I we called for a test of its 200-day EMA where it bounced back. Just like Microsoft, it appears that wall street is accumulating stocks of META at its low range. Meta remains a favorite amid its AI initiatives, monetizing opportunities in products like WhatsApp, Threads, and Instagrams Facebook marketplace. An entry with reduced position size is possible to take advantage of this recent pullback from META.
AMZN:	Amazon lost 0.88% last week making it seven in a row and lost its 200 level. While eventually, it is likely to move up, but it is possible to see another roll over with mild losses. If it moves past 200 on volumes on a follow-through day, then it could mark an aggressive entry, otherwise it is better to let it play out itself.

Interesting Stocks for Actions and Watchlist:

As mentioned in the beginning, a strong follow-through day is expected if the market starts to recover from the bottom. Otherwise, the April 2 tariff announcement could further increase the uncertainty in the market. If a follow-through day on strong volume is noticed, then investors could start increasing their exposure (not a full 100% position), otherwise, there are still strong chances for the market to roll over and start searching for a new bottom. Therefore, a highly nimble and cautious approach is warranted.

New Picks:

This week, we would like to mention two midstream pipeline companies, HESM (Hess Midstream) and MPLX LP (MPLX). Both are good dividend players with a 6.41% and 7.12% annual dividend yield. Any pullback to their 20-day or 50-day EMA (moving averages) will provide a suitable entry for investors who are looking for steady dividend income sources in this uncertain environment. Note:

Investing in LPs makes you a partner and there is a different tax treatment for their owners compared to other equities. LPs are generally taxed as a pass-through entity, meaning profits and losses are reported on the partners' individual tax returns, potentially avoiding double taxation that can occur with corporate structures.

Recently Picked Stocks:

GDX:	Gold continues to outperform equities and as a result the VanEck Gold Miners ETF GDX recorded an increase of 1.97% besides a three-day pullback starting on Wednesday. AU (AngloGold Ashanti) was a winner with 10% gain while FNV and Barrick's Gold (GOLD) also ended positively. A pullback and / or consolidation is expected if the market recovers from its bottom, otherwise, Gold
VEEV:	Veeva systems bounced from its 20-day EMA line is still in a buy zone as per the TR indicator. One caveat is that the Software group overall is not performing well these days. However, VEEV seems to be an exception after earnings and is likely to move upwards on a strong market day, i.e., a follow-through day.
SMCI:	SMCI was found almost flat for the week and is trying to form a base at current levels. It is eyeing a jump over its 200-day EMA (currently at 45) while registering higher lows during the last few weeks. An aggressive entry is possible if it moves on the much-anticipated follow-through day with a stop loss below 36.61. Note: This is a risky trade as any sudden drop in the market could also pull it down, therefore, investors should adopt sound risk management such as reducing position size and adhering to stop loss.
TW:	TW crossed its buy point at 140.48 and it is still actionable at these prices. It gained 4.87% last week, outperforming the market and confirming our bias. It is recommended that no more than 50% of the usual position size be maintained to mitigate potential losses arising from current market conditions.
CWAN:	CWAN dropped another 1.56% last week but was still above its 200-day EMA line at 25.94 where it is likely to get support. Considering its bearish action, a re-entry is only suggested if it crosses the 28.37 level with volumes with a stop loss below 25.39.
JD:	JD lost 2.13 last week. Chinese stocks are generally in a good shape and JD could easily cross its recent high of 47.82 to test the 50 level. Stop loss is suggested around 39.
BABA:	Ali Baba lost some ground (-4.22%) last week but is building a base in a narrow range. It crossed its recent high at 145.32 on Monday but then pulled back for the rest of the week. Any further pullback to 121.49 (50-day EMA) will likely get support from aggressive investors. On the downside, any break and close below 120 will trigger a sell signal.

GLDM:	Gold continued to march higher with a gain of 1.2% before making a slight pullback. A lot has to do with the declining dollar and uncertainty around trade environment, tariffs and new Geopolitical landscape, funds will continue to rotate towards safer assets like gold. If volatility remains high (VIX above 17), Gold will continue to find strength otherwise it could experience a pullback or consolidate.
BYDDY:	<p>BYDDY continued its winning streak last week with another 1.07% gain. But rejected at the range highs. Any pullback to below 100 levels (85 will provide a decent support) will be another entry for this high-flying Chinese stock.</p> <p>Note: Chinese stocks are more volatile and require a much wider stop loss than our recommended 8-10% stop loss. Investors should decide upon their own risk exposure and stop loss level.</p>
TSLA:	<p>Tesla was almost flat last week and found support at its 200-week EMA line. It is likely to move past 250 but will find resistance above around 250. However, it's weekly chart shows a bullish double hammer pattern which could push it beyond 250 up to 300. It could be worth a chance for aggressive investors to enter at current price level and target 300-320.</p> <p>In the long term there are strong headwinds which Tesla is facing causing severe falling sales drop in markets outside the US such as Europe and Canada. Even in the US, there is an on-going boycott campaign primarily because of the political activities of its founder. Caution, therefore, is warranted ...</p>
GE:	GE is performing very well in the current market and provided a gain of 3.56%. As mentioned last week, since it crossed the 200 level and sustained it, it is actionable at the current level with a stop loss below 187.
AVGO:	Broadcom continued to consolidate at the bottom of its current trading range. It found support at its 200-day EMA and aggressive investors and dip buyers could try an entry at these levels in case of a follow-through day. In case of further market weakness, Broadcom could easily roll over.
ETR/NI:	ETR and NI bounced back took a breather last week with minor pullbacks. This is the time to reduce position size and take profits (if any) while letting the rest run.

Website:

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