Markets Extend Gains as Investors Eye Jobs & Trade, but short-term top likely

Wall Street's winning streak is stretching further, with the S&P 500 rising 1.5%, marking its ninth consecutive day of gains, the longest since 2004. The index is now up 10.2% over this rally, propelled by a stronger-than-expected jobs report and renewed optimism on trade talks.

Job Market Holds Strong

April's employment data delivered a pleasant surprise: 177,000 new positions were added, surpassing forecasts of 135,000, while unemployment remained steady at 4.2%. The monthly jobs data don't show any impact of tariffs so far. Despite solid job numbers, hopes for an imminent Federal Reserve rate cut may be fading. Even before the latest report, Fed was all but certain to maintain the status quo at the coming week's meeting. That didn't stop former President Donald Trump from sounding off in all caps: **"NO INFLATION, THE FED SHOULD LOWER ITS RATE!!!".** This is not true as CPI (Core Price Index) has been reported at 3.5% over a three-month span, well above the Fed's 2% target leaving no scope for easing (rate cut) in the short term.

On the other hand, markets didn't wait for the Fed. All 11 sectors of the S&P 500 posted gains, with an impressive 456 out of 500 stocks closing in the green.

Trade Talks: A Possible Reset?

Meanwhile, China signaled openness to resuming trade negotiations—just a day after Apple reported a dip in Chinese sales. That 3.7% drop in Apple's stock was enough for Microsoft to reclaim its spot as the world's most valuable company, powered by strong Azure growth and steady enterprise demand.

Between strong job numbers, calmer trade tones, and robust earnings from Big Tech, investors remain bullish—for now. But businesses and consumers are braced for the impact of charges to be levied on goods made overseas. The most common word recurring in post earnings conference calls is "uncertainty". The tariffs have raised the odds of both higher inflation and recession; the Fed may be pushed by the former to address the risk of the latter. Some analysts are of the opinion that due to prevailing high interest rates, S&P 500 will not be able to sustain 20% plus annual returns of the last two years and after a 7.81% decline in the index in the first three months of this year. Nine of the 11 S&P sectors have seen cuts in their earning estimates. Bloomberg strategists have cut the yearly gain to a meager 3.5% gain from Thursday's level.

Performance Recap (Week Ending 05/02):

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

Index	Friday (5/2)	Weekly	Monthly	YTD	1-Year
S&P 500	+1.47%	+3.42%	+0.28%	-6.06%	-6.90%
Dow Jones Industrial	+1.39%	+3.00%	-2.15%	-5.71%	-2.88%
Nasdaq 100	+1.60%	+3.45%	+2.66%	-7.52%	-4.33%
Nasdaq Composite	+1.51%	+3.42%	+2.14%	-9.98%	-6.90%
Russell 2000	+2.25%	+3.28%	-1.08%	-11.95%	-9.07%

Sector Showdown: Weekly Market Movers and Shakers

Sector	Weekly Performance	Last One Month
Industrials (XLI)	4.32%	1.15%
Technology (XLK)	3.90%	3.38%
Financials (XLF)	3.62%	-0.80%
Real Estate (XLRE)	3.45%	-0.36%
Communications (XLC)	3.24%	0.59%
Materials (XLB)	2.32%	-4.51%
Discretionary (XLY)	1.94%	-0.92%
Staples (XLP)	0.89%	+0.01%
Utilities (XLU)	0.57%	+1.68%
Health Care (XLV)	0.35%	-4.00%
Energy (XLE)	-0.50%	-12.91%

Wall Street put on a strong performance last week, with nearly every sector catching some tailwinds—except for Energy, which ran out of fuel. The S&P 500 had a bullish glow, thanks in part to whispers from the White House about dialing back tariffs and playing nicer with China. If the global trade skirmish cools down to just a diplomatic side-eye, the U.S. economy might just cruise through unscathed.

Let’s break down the sector race:

Industrials (XLI) led the charge, soaring 4.32% - a clear standout. Driving the pack was Carrier Global (CARR), up a sizzling 19% after beating Q1 estimates and lifting its 2025 profit forecast. Not bad for an HVAC heavyweight. Technology (XLK) followed closely, climbing 3.90% as investors continued to bet on innovation. Financials (XLF) and Real Estate (XLRE) weren’t far behind, clocking in with 3.62% and 3.45% gains, respectively. Perhaps rising interest rate anxiety is taking a coffee break?

Communications (XLC) chimed in with a 3.24% rally, powered by a stellar showing from Meta Platforms (META). The social media titan jumped 9.1% after crushing Q1 earnings and forecasting more growth ahead. Likes all around. Materials (XLB), Utilities (XLU), Discretionary (XLY), Staples (XLP), and Health Care (XLV) all posted modest gains—well, except for Health Care, which barely budged at +0.35%, still limping after a tough month.

Energy (XLE) was the only one left out of the party, sliding 0.50% as oil prices dipped. The pain was felt most by Targa Resources (TRGP), which tumbled 8.9% on underwhelming earnings.

Short-Term Outlook: A Cooldown on the Horizon?

Markets have been charging upward like they just had a triple espresso—but we're starting to see signs that a breather may be overdue.

While the recent bounce looks like it carved out a solid bottom, the speed at which prices reclaimed major moving averages—the 20-day, 50-day, and 200-day EMAs—has us raising an eyebrow. In other words, the rally may have gotten a little too eager, too fast.

Now, we're approaching some major roadblocks. The S&P 500 is facing two key resistance zones: the early April rebound around 5700, and then March's late high near 5782. Meanwhile, Nasdaq has its own milestone to clear at 20250, also from late March. These levels won't go down without a fight.

Adding to the caution, the equity put-call ratio (CPCE) is hovering around 0.55, which means traders are loading up on calls and showing signs of market complacency. That low ratio often shows up right before short-term peaks, something technical analyst Tom Bowley from EarningsBeats.com has flagged in past cycles. Historically, the back half of May (starting around the 15th) tends to bring more turbulence than the relatively calm first half.

And don't forget about the VIX—the market's fear gauge—which is still riding higher than comfort levels. When volatility's lurking, even minor bad news can turn into a mood-killer for the bulls.

Bottom line? A market pullback—or at least a pause—could be just around the corner. It may be a good time to trim some gains, reassess your risk, and prepare for a bumpier road ahead.

Important Events next week:

Important Economic events scheduled for the upcoming week are:

Monday (05/05): S&P Global Services PMI (Apr), ISM Non-Manufacturing PMI and Prices (Apr)
Tuesday (05/06): 10-Year Note Auction, Atlanta Fed GDPNow (Q2)
Wednesday (05/07): FOMC Statement, Fed Interest Rate Decision, FOMC Press Conference
Thursday (05/08): Initial Jobless claims, Unit Labor Cost

Important Earnings this week:

Nearly one-third of S&P 500 index companies are reporting next week the busiest week on the first quarter earnings calendar:

Monday (05/05): Palantir Technologies (PLTR), Hims & Hers (HIMS), Vertex (VRTX)
Tuesday (05/06): MPLX, Arista Networks (ANET), Duke Energy (DUK)
Wednesday (05/07): Door Dash (DASH), Vistra (VST), Fortinet (FTNT), Barrick Gold (GOLD), Uber (UBER), Applovin (APP), Disney (DIS)
Thursday (05/08): MercadoLibre (MEL), Shopify (SHOP), Toast (TOST), Expedia (EXPE)
Friday (05/02): Enbridge (ENB)

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:	We made two calls in the last 3-4 weeks for Nvidia when it moved below 100 and both times it roared back 110-115 range. If investors have a 10-15% cushion, then it is time to take some profit off the table. It is likely to face resistance between 117-120 range and could take a temporary pause or enter a consolidation to form a base. Although May has been traditionally a good month for Nvidia, but last three days have already seen a rise of 9-10%, therefore, stock could take a pause here. Nvidia remains a long-term leader and a closely watched stock by investors from all corners.
AAPL:	Apple beat Q2 views with EPS up 8% and topline up by 5%, however, Services were a little light and it predicted an estimated $900 million in tariff related costs in the second quarter. Not only this, but its China iPhone sales were also weak and lower than last years. Although it upped its dividend by 4% and announced a stock buyback plan up to $100 billion, its shares fell. Among the Mag7, Apple is likely to be the most impacted company because of the trade tensions between the two largest economies of the world. We think weakness in Apple will prevail soon and although it remains a long-term leader, this is not a right time to make an entry.
COST:	Costco gained 3.32% last week and regained the 1000 level after finding support at its 20day ema last week. Any pullback to its 500-day EMA (968) or lower Bollinger Band at 913 could provide **a better entry** for investors in this long-term leader.

Medium- and Short-Term Picks:

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

GOOGL:	Alphabet increased by 1.28% last week but failed to surpass the previous week's high signaling weakness as it consolidates. We think another test of its lower Bollinger band at 141.80 is possible before stock decides to move up. We are dropping Google from this list for the time being to make it concise.
CVX:	CVX also lagged along with a lagging energy sector, but again at a strong 200-day EMA support. Long-term investors **could take a position** in this solid-dividend player with a rebound in mind. Remember, it is not a growth stock and is not likely to move quickly, however, with a rebound in energy space it could move back to its recent highs in the 160s (although not in the immediate future).
BYDDY:	The Chinese EV leader lost 4% last week but this is after a test of its 50-days EMA at 94.17 and rebound on Friday. Another test of 50-day EMA could also provide another entry. In the long run, BYD is likely to become the dominant player in the world EV market.
ZS:	Last week, Zscaler broke through the 216.49 level and ended with a 6.91% gain at 230.47. We think it is now ultimately going to test its previous high of 259.61.

Interesting Stocks for Actions and Watchlist:

Here are some interesting stocks for investors interested in stocks showing strong price action and a possible breakout:

BSX: Boston Scientific develops medical devices for Cardiovascular, Rhythm management and medical surgical devices. It is within a buy zone and has been showing strong price action for the last two months. The stock is actionable at current prices with a 15-20% upper target and Stop loss below 96.72.

HALO: Halozyme Therapeutics, Inc., a biopharmaceutical company, researches, develops, and commercializes of proprietary enzymes and devices in the United States and internationally. This stock has shown resilience and is currently forming a base after pulling back to its 10-week moving average line. It is actionable at current levels with a stop loss at 57.29.

Recently Picked Stocks:

PEN:	After a quick 8% jump in the previous week, Penumbra lost 1.26% last week. Watch for a pullback to the 20-day EMA or 50-day EMA or a breakout above 310 for a possible entry.

T:	Picked last week, AT&T gained 2.98% and continued to show strong relative strength relative to S&P 500. We think that any pullback to its 50-day EMA could be a trigger point for investors seeking dividends (currently 4.02%).
SMH:	As expected, the semiconductor ETF SMH regained another 3.33% last week. There is resistance overhead in the range 226-230 and semiconductors could consolidate or even come down before attempting to move higher.
ATGE:	ATGE staged a breakout to new highs with an 8.53% gain. It has earnings coming up on Thursday and hence it is recommended to be careful currently. Nevertheless, it has become another winner in our portfolio.
GDX:	The gold miners ETF lost another 3.54% last week. We have mentioned during the last several weeks that it is time to take some profits as it can further cool down to absorb gains. We think it is going to test its 50-day EMA at 45.60 before making a reversal.
MPLX/HESM:	MPLX lost 1.31% while HESM lost 4.13% last week. was flat while HESM lost 0.46%. MPLX has sustained its 50-day EMA while HESM is now well below it. Both providing good dividend income (7% and above) and long-term investors could hold them for a continuous stream of income.
BABA:	BABA gained 4.56% last week making it the 3rd week in a row. We mentioned two weeks ago that BABA is one of the Chinese stocks which are likely to continue their upward journey because of its AI initiatives and economies of scale. It is slightly extended for an entry at this point, but aggressive investors could still take a small position, targeting the recent high of 148.43.
GLDM:	Gold ETF lost another 2.12% last week for the week and still looks like it could go further down to test 61.15. Aggressive investors, however, could take a position at current levels if the market starts to take a pause it will restrengthen the Gold.
ETR/NI:	ETR and NI gained 0.56% and 0.36% last week respectively as these two utilities continue to show resilience justifying their selection as steady income generators. These two utility stocks are expected to move forward and test their recent highs at 87.25 and 40.31 respectively. On the other hand, it is also time to take some profits if the profit is in between 15-20% from the entry.

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