

Markets Shuffle into June with a Mix of Caution and Confidence

Markets have always had a distaste for ambiguity, yet certainty in investing remains more myth than reality—a treasure investors pursue endlessly but rarely seize.

Friday brought a fresh twist, courtesy of former President Donald Trump. With a single comment, he reignited trade war concerns by accusing China of walking back on a recently agreed tariff truce. The timing? Impeccable. Investors had just begun to breathe easier. By evening, Trump escalated things further, announcing that tariffs on imported steel and aluminum would double to 50% starting June 4—potentially squeezing costs for American manufacturers and builders alike.

Despite the political fireworks, market reactions were muted. The S&P 500 inched down just 0.01%, while the Nasdaq saw a slight 0.3% dip—more of a cautious sidestep than a panic sprint.

Still, May delivered plenty to talk about. The S&P 500 surged 6.2%, and the Nasdaq soared nearly 10%, marking their strongest month since late 2023. Credit earnings season for the rally: S&P 500 firms delivered profits 13% higher than a year ago, with nearly four out of five companies outperforming expectations. Tech giants punched above their weight, driving roughly half the index's earnings growth. Meanwhile, the PCE index cooled in April, dialing down inflation jitters and strengthening the bullish mood.

Now the question is, can June keep the party going, or are we due for a breather? One strategist put it bluntly: “Trump’s tariff bombshell leaves investors guessing and businesses playing defense.” Even if new tariffs settle around 10–15%, profit margins may take a hit, potentially pausing the rally.

That said, historical patterns may offer a silver lining. Over the past decade, the stretch from June to mid-August has skewed overwhelmingly bullish, with the S&P 500, Nasdaq, and key tech sectors logging positive returns 90% of the time. Could we see a repeat? Fingers crossed.

Meanwhile, Washington’s drama continues to steal headlines. The House greenlit Trump’s sweeping fiscal package, and the spotlight now shifts to the Senate. Wall Street once embraced the promise of corporate tax relief, conveniently overlooking the tariff turbulence. But with bond yields climbing and the deficit widening, the mood is a bit more sober—and every Senate vote carries weight.

As Fundstrat’s L. Thomas Block notes, “The margin for error is practically nonexistent.”

For investors, it may be wise to selectively nibble—adding exposure or replacing recent sells—while mostly holding steady until the market charts a clearer path upward.

Because in classic 2025 style, the markets and Capitol Hill are locked in a dance of drama, deal-making, and just enough chaos to keep everyone guessing.

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

Index	Friday (5/30)	Weekly	Monthly	YTD	1-Year
S&P 500	-0.01%	1.88%	6.15%	0.51%	12.92%
Dow Jones Industrial	0.13%	1.60%	3.94%	-0.64%	10.91%
Nasdaq 100	-0.11%	2.03%	9.04%	1.56%	15.12%
Nasdaq Composite	-0.32%	2.01%	9.56%	-1.02%	14.20%
Russell 2000	-0.51%	1.24%	5.24%	-6.98%	1.66%

Sector Rotation Signals Renewed Risk Appetite

Weekly performance of 11 S&P 500 sector ETFs is summarized as follows:

Sector	Weekly Performance Last One Month	
Staples (XLP)	1.51%	1.22%
Utilities (XLU)	1.06%	3.83%
Materials (XLB)	0.75%	2.92%
Communications (XLC)	1.21%	6.24%
Industrials (XLI)	1.41%	8.84%
Health Care (XLV)	1.76%	-5.57%
Financials (XLF)	1.82%	4.51%
Discretionary (XLY)	1.50%	8.38%
Real Estate (XLRE)	2.68%	1.04%
Technology (XLK)	1.81%	9.97%
Energy (XLE)	-0.56%	1.28%

Energy continues to be an underperforming area, rising only 1.28% last month while Healthcare was the worst performing sector amid weakness in major stocks like UNH and big pharma companies like Merck and Pfizer. Consumer Discretionary (XLY) kept pace with the S&P 500 over the last couple of weeks and rose significantly (mainly due to Tesla) along with the renewed strength in the Industrial sector (XLI) which was bolstered by strength in Boeing, GE and even Uber. Industrial ETF has been testing its highs from last November and could stage a breakout if the market continues to strengthen. The tech sector ETF (XLK) has been the best performer during the month of May mainly because of the strength in Nvidia and other semiconductors. The setups in this area started appearing after April 22nd follow-through day. Financials (XLF) are also in a compelling setup although not as strong as Technology or Industrials. On the defensive side, Staples also performed better last week because some of the retail stocks like Costco fared better after announcing their latest results.

Important Events next week:

A few important economic events for the upcoming week are:

Monday (06/02): S&P Global Manufacturing PMI, ISM Manufacturing PMI (May), Fed Chair Powell Speaks

Tuesday (06/03): JOLTS Job openings (Apr)

Wednesday (06/04): ADP Nonfarm Employment Change (May), S&P Global Composite PMI, S&P Global Services PMI (May), ISM Non-Manufacturing New Orders, ISM Non-Manufacturing Prices and PMI (May)

Thursday (06/05): Initial Jobless Claims, Atlanta Fed GDPNow (Q2)

Friday (06/06): Average Hourly Earnings (MoM), Nonfarm Payrolls, Unemployment Rate (May)

Important Earnings this week:

Tuesday (06/03): CrowdStrike (CRWD), Hewlett Packard Ent (HPE), HealthEquity (HQY)

Wednesday (06/04): Dollar Tree (DLTR), Five Below (FIVE)

Thursday (06/05): Broadcom (AVG), DocuSign (DOCU), Samsara (IOT), Lululemon (LULU)

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 stock rose 2.9% to 135.13. But it hit a high of 143.49 post earnings and then dropped back. Nvidia earnings beat views, though Q2 revenue guidance was a touch light due to tougher AI chip export curbs. CEO Jensen Huang expressed confidence about AI momentum. Situation ahead could be rocky as US administration has barred Nvidia and other chipmakers from selling high-end AI chips to Chinese customers forcing Nvidia to book a \$4.5 billion charge in this quarter. The next catalyst for NVDA stock could be its upcoming GTC Paris conference on June 10-12. We still think that Nvidia is a long-term leader, and its stock will surpass its recent high of 153 soon but a fresh entry at this point seems risky. Despite facing challenges, Nvidia typically performs well in July, and comparable results are expected this year.
COST:	Costco announced positive earnings reports even under the current Tarrieff threats and gained 3% on Friday. Costco is a steady grower, and it looks poised to score another high surpassing its Feb all-time high. The company shows strong fundamentals besides all the noise in the Retail sector. Costco remains a long-term leader and keeps coming up for good reasons.

Interesting Stocks for Watchlists:

AU:	Anglogold Ashanti looks like setting up a breakout from the channel in which it is trading and a bullish flag. If gold continues to show its muscles, then AU looks close to a constructive breakout and could compound gains to achieve 50.
CHEF:	Although not in an aggressive growth area like technology, but this distributor of specialty foods, basic ingredients and staples in US, Canada and Middle East has been continuously showing both long-term and short-term strength and currently eyeing a buy point at 65.39. If it crosses it in volumes, then it is a buy signal with a stop loss below the 200-day EMA at 59
CIBR:	For long-term investors interested in AI players, semiconductors and cybersecurity, the Cybersecurity ETF CIBR is an interesting ticker. Its top holdings include AVGO, expected to hit a new high after earnings this week, CrowdStrike, ZS, Okta, Rubrik, and others. It has an expense ratio of 0.60% but has given 35% return in 1 year. Looks like it will surpass its recent high at 71.92 if Broadcom and CrowdStrike continue their advance.
NOW:	ServiceNow, which provides cloud computing services to accelerate enterprise IT operations, is eyeing a buy point at 1046. June-August is also traditionally a strong period for this software company and hence any move above 1046 is actionable.

Medium- and Short-Term Picks:

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

META:	Mentioned last week, Meta gained another 3.26% and did not give us the opportunity to buy it at a lower price. Nevertheless, we think Meta is in a sweet spot and still offers good entry for medium to long term investors.
TSLA:	Tesla's stock took a breather last week after increasing by 40% since April 11 liberation day. We think the market is waiting for its robotaxi launch in Austin, Texas (scheduled for June 12). For Tesla investors, June has become a key month setting its direction for the near future as last earning report fell short of expectations and Tesla is continuously losing market share to BYD in China and Europe. Meanwhile, a temporary pause is expected causing Tesla to pull back to 328-330 levels (20-day EMA) or even to 307-310 range at which point it is likely to get support.
MSFT:	Microsoft gained 2.26% last week and as mentioned last week it is eyeing its recent highs and is still in a buy range with a stop loss below 410.
GOOGL:	Google pulled back to its 200-day EMA line at 168 and found support there. The current price level may present an opportunity for entry , with a recommended maximum stop loss set at 140.

CVX:	Chevron is continuing to trade in a tight range and finding support around 135. It is still actionable at current prices; however, it is not a growth stock and is not likely to move quickly. With a rebound in energy space, it could move back to its recent highs in the 160s (although not in the immediate future).
BYDDY:	Our favorite EV pick BYDDY crashed last week with a 16% loss triggering a sell signal as we think it will further come down to lower Bollinger band where an entry could be desirable. If not yet, then this is the time to take an exit and secure some profits. This occurred after the company announced a huge price cut in its vehicles in China. We still think that the stock will rebound and offer us another entry in future. Till that time, let us put it in a watchlist.
ZS:	Zscaler posted strong Q3 results, with earnings per share up 18% and revenue increasing 23% to \$678 million—all surpassing analysts' expectations. However, the company issued slightly cautious guidance. Separately, Zscaler announced its acquisition of Red Canary, a company specializing in managed threat detection and response. Following the news, Zscaler shares surged to a three-year high. ZS appears to be extended at current prices, and a pullback and gap closure around 260-263 may offer a better entry point.

Recently Picked Stocks:

BSX:	Picked four weeks ago, BSX gained 0.73% last week and is currently in a tight but actionable range , eyeing recent high. It is still within a buy zone and has been showing strong price action for the last two months.
PEN:	We are removing Penumbra from our list as the Healthcare group as a whole is looking weak and this stock seems poised to consolidate at the low end of the range.
T:	AT&T gained 1.4% last week and showed a bullish flag pattern. As mentioned last week, a pullback to 20 or 50-day EMA was a buy which exactly it did as it found support at 20-day EMA. It is still in an actionable range for investors seeking dividend stocks (4% now).
SMH:	After a tremendous run from 170 to 249 in less than two months, the VanEck Semiconductor ETF is consolidating in a tight range. Any pullback to its 200-day EMA around 228-230 will likely find support. On the other hand, the next two months are generally bullish in nature for semiconductors (particularly July).
ATGE:	ATGE recovered 2.75% last week after a weaker prior week. If not yet taken, then take some profit as it seems extended at this stage and could consolidate or continue its pullback. 20-day EMA at 126 which could provide another entry.

GDX:	Gold miners ETF was flat with a 0.24% gain last week and still provides an alternate entry at the current levels with a stop loss below 45.
MPLX/HESM:	MPLX regained 0.77% while HESM lost 3.04% last week. HESM has breached its 50-day EMA line and is currently testing its 200-day EMA line. If it breaks 35.74 and stays below it then this will be an exit signal. Both, however, provide good dividend income (7% and above). Long-term investors could hold them for a continuous stream of income.
BABA:	BABA lost another 5.71% making it three red weeks in a row. However, we still think that a pullback could provide a suitable entry at around 110 level. Stay tuned for opportunities as majority of analysts agree that this Chinese companies has good prospects for near future.
GLDM:	Gold ETF lost 2% last week as it is consolidating in the recent range, eyeing its recent highs. Aggressive investors could take a position at this level with a stop loss of around 8-10% as it is likely to show its strength in the upcoming days.
ETR/NI:	ETR and NI gained 0.56% and 1.33% respectively 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 40.74 respectively while continuing trending in a tight range.

Website:

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Tariff Turbulence Returns to Wall Street

Just ahead of Memorial Day weekend, markets were shaken by renewed trade tensions as Donald Trump threatened steep tariffs targeting the European Union and Apple. His proposal of a 50% duty on EU goods and a 25% tariff on iPhones unless production shifts to the U.S. sparked a swift downturn in major indexes, with all three logging their worst weekly performance since April. The rhetoric, rooted in frustration over sluggish trade talks and Apple's overseas manufacturing pivot, revived volatility and investor unease. While some analysts view the threats as political posturing, the broader implications—especially for multinational earnings and Fed policy—remain serious. Meanwhile, sector rotation data signals a short-term shift toward defensives, with Utilities gaining traction amid Trump's nuclear energy push, even as Tech and Discretionary sectors, previously dominant, faltered.