Market Recap: A Pause in the Rally Amid Trade Talks and Fed Watch

After several weeks of steady gains, Wall Street hit the brakes last week as markets took a breather. Major indices traded in a choppy range, reflecting the uncertainty many analysts anticipated. As we noted previously, a short-term pullback was likely—and that is exactly how the week unfolded.

The market's early-year sell-off, driven by heightened tariff concerns, was swiftly reversed thanks to a shift in trade rhetoric. However, the sharp rebound doesn't necessarily signal smooth sailing ahead. In fact, many believe a temporary cooling-off period is healthy, allowing the market to digest recent gains. A 38% to 50% retracement from the bottom would be considered technically normal under current conditions.

Key Developments This Week

On Thursday, President Trump confirmed a trade agreement with the United Kingdom, and Treasury Secretary Scott Bessent announced the beginning of renewed talks with Chinese officials. Meanwhile, as expected, the Federal Reserve held interest rates steady. Despite these notable developments, markets largely shrugged, suggesting much of this news was already baked into prices.

For the week:

- **S&P 500** dipped 0.47%
- **Nasdaq Composite** slipped 0.27%.
- **Dow Jones Industrial** Average eased 0.16%.

This muted reaction implies that investor sentiment remains cautiously optimistic but sensitive to further developments, especially on the trade front.

Investor Sentiment: Cautious Optimism

Strong job data, a softening tone on tariffs, and solid earnings from tech giants have kept bullish sentiment intact—for now. But optimism is walking a tightrope. While talks with China and a U.K. deal bring hope, investors are well aware of the unpredictable nature of policy headlines. Trump's track record of conflicting statements means any progress could quickly reverse.

Index Performance (Week Ending May 9)

Index	Friday (5/9)	Weekly	Monthly	YTD	1-Year
S&P 500	-0.07%	-0.47%	+3.72%	-3.77%	+8.55%
Dow Jones Industrial	-0.29%	-0.16%	+1.58%	-3.04%	+4.73%
Nasdaq 100	-0.01%	-0.20%	+4.79%	-4.52%	+10.75%
Nasdaq Composite	0.00%	-0.27%	+4.69%	-7.16%	+9.68%
Russell 2000	-0.18%	+0.16%	+5.87%	-8.92%	-1.33%

The Russell 2000 was the only major index to post a modest gain, signaling some resilience among smaller-cap stocks. Still, overall market momentum slowed as expected.

Crypto Comeback

The standout performer of the week was cryptocurrency. Bitcoin reclaimed the 100,000 mark, climbing 6.29%, while Grayscale Ethereum Trust (ETHE) soared 26.65%—a rare and sharp move. We flagged a potential crypto rebound in last week's social media alerts, and the price action reflected growing confidence among risk-tolerant investors.

Gold Still Glitters

On the defensive side, gold remained a stronghold. As China resumed gold purchases and broader macro uncertainties persisted, the precious metal rose 2.3% for the week. This suggests that while risk appetite is returning in some areas, others are still hedging with traditional safe havens.

Sector Showdown: Weekly Market Movers and Shakers

Sector	Weekly Performance	Last One Month
Industrials (XLI)	1.14%	7.38%
Utilities (XLU)	0.61%	5.62%
Energy (XLE)	0.55%	0.08%
Discretionary (XLY)	0.49%	3.51%
Technology (XLK)	0.46%	6.74%
Financials (XLF)	0.20%	5.57%
Communications (XLC)	-0.25%	3.67%
Materials (XLB)	-0.44%	4.71%
Real Estate (XLRE)	-0.76%	6.12%
Staples (XLP)	-0.80%	2.02%
Health Care (XLV)	-4.22%	-4.38%

Let's break down the sector race:

Healthcare continues to be a laggard in this market. Staples and Real Estate also pulled back last week after a strong last one-month performance while all three aggressive sectors (Technology, Discretionary and Communications) have been strong during the last month signaling a risk on environment so far. Communications was weak last week primarily because both Google (-6.78%) and Meta (-0.76%) are taking a breather. Our favorite indicator (XLY: XLP) has been up for the last 3 weeks in a row signaling that investors are once again moving from defensive areas (XLP) to more aggressive areas (like XLY).

The aggressive sectors (XLC, XLY and XLK) have all created a double bottom base recently which shows a rejection at lower values and possible showing of strength especially till August. Traditionally May-July is a bullish period for these sectors while Mid-August till October is traditionally a weaker period for these sectors.

Industrials (XLI), Financials (XLF) and Utilities (XLU) have also shown strength during the last month and the rally attempt. The Industrial sector has been recently outperforming other sectors recently buoyed by Boeing, GE and Uber. Utilities and Materials are continuing to move forward but their relative strength is lagging compared to other sectors mentioned above.

Important Events next week:

Important Economic events scheduled for the upcoming week are:

Tuesday (05/13): Core CPI (YoY) and MoM)
Wednesday (05/14): Crude Oil Inventories
Thursday (05/15): Core PPI (MoM), Initial Jobless Claims, Philadelphia Fed Manufacturing Index (May), PPI (MoM and YoY), Retail Sales, Fed Chair Powell speaks.
Friday (05/16): Housing Starts, Import Price Index, Michigan Consumer Sentiments

Important Earnings this week:

Monday (05/13): Exelixis (EXEL), JD, Sea (SE)
Tuesday (05/14): Cisco (CSCO), Copart (CPRT)
Wednesday (05/015): CAVA Group (CAVA), Doximity (DOCS), Marex (MRX), Quantum Computing (QUBT), Walmart (WMT), Take-Two Interactive (TTWO)

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 is facing resistance at its 200-day EMA. It tried to leap forward before retreating it. It if breaks out 118.68 on volumes then it is another entry targeting 112.89 and eventually forward. Otherwise, there is a chance that it will take a pause and then try to come back. There has been positive news on the tariff front that the US administration could provide exemptions for chips, and this could be a positive catalyst for Nvidia. Nvidia being a long-term leader is still a favorite. May-July has also been historically a bullish period for Nvidia.
AAPL:	We mentioned last week that weakness in Apple will prevail soon and although it remains a long-term leader, this is not a right time to make an entry. 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. Apple is rolling over and lost 3.32% last week. If the situation does not improve then it risks coming down and test its 200-day EMA line again. It remains a long-term leader, but we should wait for better times to take a position.
COST:	Costco was flat last week and remained above the 1000 level after finding support at its 20day ema in the prior week. Any pullback to its 50-day EMA (975) or lower Bollinger Band at 952.6 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:	We mentioned last week that Alphabet is likely to test its lower Bollinger band which it did and bounced back. We are dropping Google from this list for the time being to make it concise.
CVX:	CVX is flat and trying to make a base. Long-term investors **could take a position** in this solid-dividend player with a rebound in mind. However, it is linked with Crude Oil prices and if these drop then it could break this base as well. 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 another 0.34% last week. Another test of 50-day EMA could also provide another suitable entry. Overall, BYD is likely to become the dominant player in the world EV market.
ZS:	Last week, Zscaler moved further ahead with another 1.12% gain. We think it is now ultimately going to test its previous high of 259.61.

Recently Picked Stocks:

BSX:	Picked last week, BSX retreated by 1.97% during the week. With its current action, it appears that it will go ack to 100 levels to find support. It is within a buy zone and has been showing strong price action for the last two months.

HALO:	HALO was picked last week, and it increased by 7.65% justifying its selection. However, it pulled back after its earnings on the last two days. Any further pullback to the 62-63 range could provide a suitable entry for this biopharmaceutical company.
PEN:	Penumbra gained 0.45% last week. We still think it is going to make a pullback to the 20-day EMA or 50-day EMA or a breakout above 310 for a possible entry.
T:	AT&T confirms our selection two weeks ago as it is showing 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%).
SMH:	VanEck Semiconductor ETF gained 2% last week. There is a chance that it could roll over or consolidate at this level. There is a resistance overhead in the range 226-230 and semiconductors could consolidate or even come down before attempting to move higher.
ATGE:	ATGE was a winner last week with a gain of 19.10% (17.3% came on Friday post earnings) and staging a new all-time high. Since 02/04 when it was first picked, it has gained an impressive 30%. If not yet taken, then take some profit as it seems extended at this stage and could cause a pullback.
GDX:	After two weeks of losses, gold miners ETF gained 6.99%. It's time to take some profits to absorb gains. Aggressive investors could take a position with a stop loss below 46.73 and target new highs beyond 53.25.
MPLX/HESM:	MPLX lost 3.45% while HESM gained 1.44% last week. MPLX is finding support at these levels while HESM is also finding support at its 200-day EMA. Both providing good dividend income (7% and above) and long-term investors could hold them for a continuous stream of income. HESM provides a good location at current levels for long-term investors.
BABA:	BABA was flat last week with +0.34% loss. Aggressive investors could still take a small position, targeting the recent high of 148.43.
GLDM:	This Gold ETF recovered +2.94% last week for the week and created a doji candle. It 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 lost 1.83% while NI gained 0.71% 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.

Website:

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