

A three-year bull run faces short-term challenges.

The market just hit a milestone birthday. On Sunday, the current bull run officially turns three — though instead of cake and confetti, Wall Street marked the occasion with jitters over a potential artificial intelligence bubble and renewed trade tensions with China. Stocks stumbled, but beneath the noise, this bull still looks strong enough to blow out a fourth candle next year.

A Bumpy Week for the Birthday Bull

Markets took a breather after months of strong gains. The Dow dropped 2.7%, the S&P 500 slipped 2.4%, and the tech-heavy Nasdaq lost 2.5%. Small caps fared worse, with Russell 2000 tumbling 3% and breaking below a key technical line. Even the S&P 500 Equal Weight ETF slid 2.2%, dipping under its 50-day moving average as volatility spiked — the VIX jumped 30% in a single day, closing above 20 for the first time since June.

The week began with headlines warning of an “AI bubble” after a major chipmaker inked a deal to supply AI processors in exchange for equity in a fast-rising tech firm. It ended with trade fears back in focus, after fresh tariff threats followed China’s move to restrict exports of rare-earth minerals — critical ingredients for everything from batteries to semiconductors.

A Strong Foundation Beneath the Shake-Up

Zoom out, and the picture looks much brighter. Since the market bottomed out on October 12, 2022, the S&P 500 has surged roughly 85%. The rally has been powered by cooling inflation, steady economic growth, and a Federal Reserve that’s shifting toward lower interest rates — all while AI enthusiasm keeps drawing money into tech.

This week’s drop may sting, but it’s more of a pause than a panic. Markets rarely move up in a straight line, and after such a powerful run, some consolidation is healthy. The fundamentals — profits, growth, and liquidity — are still pointing in the right direction.

Earnings, Valuations and Volatility

Next week brings the start of earnings season, led by major financial institutions. Analysts expect S&P 500 earnings to rise 8.8% from a year ago, with sales up 6.4%. And if history is any guide, those forecasts are conservative: roughly two-thirds of companies usually beat expectations.

Beyond this quarter, corporate profits should keep climbing. Demand for AI infrastructure — from high-powered chips to energy-hungry data centers — remains robust. Meanwhile, lower rates are likely to lift financials, industrials, and other cyclical sectors. Forecasts from FactSet call for annual sales growth of 6% and earnings growth of around 14% through 2027.

In addition, starting October 27th, we are also entering into a historically bullish period till Jan 18th. Therefore, tailwinds combined with good corporate earnings could provide the necessary support the bulls need to carry on.

At about 22 times expected earnings, the S&P 500 isn't cheap — but it's not stretched either. With interest rates coming down, valuations can stay steady even if prices stop soaring. A calmer Fed and resilient earnings may be the recipe for stability, even if day-to-day market swings keep investors on edge.

The New Power Players: Utilities

If there's an underdog story this year, it belongs to utilities. Traditionally viewed as a safe haven, the sector has become an unlikely star. The Utilities Select Sector ETF is up nearly 19% this year, outpacing the broader market's 11% gain.

The reason? Electricity — and a lot of it. The AI revolution runs on energy, and utility companies are cashing in. From nuclear operators supplying massive data centers to regional power providers wiring up the next generation of server farms, the sector is no longer just about steady dividends. It's now part of the tech story — and a profitable one at that.

Defensive stocks aren't usually this exciting, but 2025's market might just prove that even the “boring” corners of Wall Street can shine when plugged into the right current.

Gold may take a pause

Gold rally continues to push its price higher and for the first time touched the \$4000 level. However, its rejection at this level and our technical analysis hint that it might have hit a short-term top and consolidate in a range for a while before making another move. Gold has been moving up since the start of the year in a straight line and fundamentals that have drive it this far (such as US deficit, weakness in dollar and concerns about ever changing US trade policies) are in place, hence in the long run it still has room to go.

Market Scorecard

Index	Friday Close	Weekly	Monthly	YTD	1-Year
S&P 500	-2.71%	+1.09%	-2.43%	+11.41%	+13.36%
Dow Jones	-1.90%	+1.10%	-2.73%	+6.90%	+7.13%
Nasdaq 100	-3.49%	+1.15%	-2.27%	+15.27%	+19.66%
Nasdaq Composite	-3.56%	+1.32%	-2.53%	+14.98%	+21.45%
Russell 2000	-2.99%	+1.86%	-3.27%	+8.46%	+10.85%

Sector Pulse

Sector	Weekly Change One-Month Trend	
Health Care (XLV)	-1.87%	+3.95%
Materials (XLB)	-3.35%	-3.80%
Industrials (XLI)	-2.92%	-0.56%
Real Estate (XLRE)	-3.33%	-2.08%
Financials (XLF)	-2.90%	-1.56%
Communications (XLC)	-3.08%	-1.24%
Energy (XLE)	-4.15%	-3.55%
Discretionary (XLY)	-3.83%	-1.60%
Utilities (XLU)	+1.45%	+7.31%
Staples (XLP)	+0.09%	-1.63%
Technology (XLK)	-2.22%	+3.18%

Utilities (XLU) was the best performing sector as explained above followed by another defensive sector (XLP) which barely broke even. Besides them, three aggressive sectors - Technology, Communications and Discretionary all were deep in red. Technology, however, was performing very well due to AI related news coming from AMD and Nvidia till the Friday's news which was so sharp that it turned the Tech sector negative for the week. Discretionary is now in a downtrend and its ratio with XPL is also falling signaling a change in wall street's sentiments.

Healthcare (XLV) continued to perform better than aggressive sectors besides a red week amid strength in pharma and biotech companies. This started last week when Pfizer sealed a deal with Trump administration to drop prices for its drugs. Within healthcare, biotech continues to show strength after a long pullback. Industrials (XLI) was also down for the week sharply and below its 50-day EMA line in high volumes, another economically sensitive area of the market. Energy (XLE) was the worst performer for the week and now sitting below its 200-day EMA due to a drop in oil prices. Financials (XLF) also took a 3% hit for the week and is now sitting below the 50-day EMA line.

Important Economic events next week:

Comparatively calm week when it comes to important economic events:

Tuesday (10/14): Fed Chair Powell speaks

Wednesday (10/15): Core CPI (MoM and YoY), CPI (YoY and MoM)

Thursday (10/16): Continuing Jobless Claims, Core PPI (MoM), Retail Sales, Initial Jobless Claims, Philadelphia Fed Manufacturing Index, PPI (MoM), Retail Sales

Friday (10/17): Average Hourly Earnings (MoM), Nonfarm Payrolls (Sep), Unemployment Rate (Sep)

Important Earnings this week:

Earnings season will kick off from Tuesday for 3rd quarter:

Tuesday (10/14): Blackrock (BLK), JP Morgan Chase (JPM), Citi Bank (CI), Wells Fargo (WFC)

Wednesday (10/15): ASML Holding (ASML), Morgan Stanley (MS), Bank of America (BAC), United (UAL)
Thursday (10/16): CSX (CSX)

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 pulled back with a sharp 4.9% decline on Friday from an all-time high, invalidating the previous buy point now but right at its 20-day EMA line. Although it can come down to test its 50-day EMA at 177.23 in case of further drop. It is a long-term leader and continues to find support on every pullback as shown by its rising Accumulation/Distribution line.
AAPL	Our long-term leader Apple lost almost 5% during the week as it tested the all-time high at 259.24. We need to wait and see if it consolidates or further drops down to 239.12 (50-day EMA). It is recommended to hold the existing position and wait for pullbacks to key moving averages to add or initiate new positions.

Interesting new picks:

Due to sudden sell signals in market, it is time to take a pause and reassess open positions instead of opening positions at this stage. Market is likely to continue its bearish price action for at least a week and hence accordingly we also need to raise our guards and wait for best opportunities.

Medium- and Short-Term Picks:

AMD	AMD broke out again to new highs during week but reversed sharply below the last buy point of 227. Next gap support is right around 204 that would be about 4-5% below Friday's close. It looks like that it will find support at this level unless the market turns severely bearish in nature.
CCJ	Picked last week, Cameco Corporation gained 3% during the week justifying its selection. We still think that it offers entry on any pullback to 20-day EMA at 84.13 level. On the upside, the buy point is any Cameco is one of the leading uranium producers and its stock boasts good performance during last one year (68% on YTD basis).
EME	EME gained 1.43% for the week besides a drop on Friday. As it failed to move beyond the buy point at 667.64, hence no more entries at this time as it could also pullback along with the market.
PWR	Similar to EME, PWR lost 0.85% last week and all the losses came on Friday after reaching a new high on Wednesday. This Utilities sector player is a leading national provider of specialty contracting services, and one of the largest contractors service the transmission

	and distribution sector of the North American electric utility industry. We think a pullback to its 20-day EMA (411) or even to the 50-day EMA (396.42) is possible which will provide much better support and entry point. Till that time hold any entries.
CDNS	It was mentioned last week that a deeper market pullback could also pull CDNS down. On Friday it caused a sell signal with 6.22% loss and hence this position should be closed to avoid any further loss. CDNS is likely to move down to its 200-day EMA around 317 where it should find some level of support. Depending upon market conditions, an entry could be considered at that time.
MP	MP tried to pull back but found support at 20-day EMA on Wednesday. For the week it gained 9.57% as rare earth material company is in news amid Chinese tariff news and concerns on Chinese dominance in this area. An entry is still available with stop loss below 66.51 (50-day EMA). This stock could be volatile in nature but seems to have good long-term prospects.
GEV	GEV gained 1.61% for the week besides losing 4% on Friday alone. If it moves above 612.84 then this move will provide an entry with a stop loss below 589. Long-term indicators fully support a continuation of the trend.
HIMS	Selected four weeks ago, HIMS gained 2.68% last week besides a 7.4% drop on Friday. We think the main story remains consistent, so we suggest maintaining your position unless the stop loss at 48.69 is triggered. Nevertheless, all new entries must be put on hold for now.
FIX	Comfort Systems was flat last week with a 0.24% loss. Earlier it found support at its 20-day EMA. As the markets are pulling down, a retest of its 20-day EMA or possibly the range of 750-765 range is also possible.
STNE	Stoneco lost another 4% last week and settled below the 20-day EMA line. It is expected to come down further amid this market cycle; hence this position will also be closed at this time.
ZM	Position was closed earlier in the week as it moved below 79 (as per last week's suggestion). Stock now moved to a watchlist.
MU	MU lost 3.3% last week and all came due to a 5.6% drop on Friday. As mentioned last week, it was time to make some profits (if not yet taken). Expect MU to come down further with market and hence some profit should be secured while raising the stop loss level to entry price. MU is expected to test its 20-day EMA at 171.98 or with a deeper market pullback could even go below it.
APP	Profits were made and Applovin was closed on Monday when it breached the 20-day EMA on volumes and tested the 50-day EMA line. This happened on news that SEC is probing firm's data collection practices. The decision to close its position was found correct as in the last three days it started to roll over after a sharp bounce from the 50-day EMA line.

IONQ	Friday's drop of 8.84% in IONQ is a sell signal and it is likely to test its 20-day EMA at 67.71 and even come down to 60.14. Therefore, the position could be closed to secure profits, otherwise expect a deeper dip.
GBTC	Bitcoin lost 8.61 during last week, making an impact on GBTC as well, which lost 5.13%. Bitcoin has come under pressure and any permanent move below 90.49 could be a signal to move the position. Note: Both bitcoin and Ethereum are volatile in nature and hence require a wider stop loss than equities.
AVGO	<p>Broadcom, which was holding support also broke down below recent lows. It looks like there will be another test of gap support which is another 6-7% below the current level on Friday. Till that time all new entries should be put on hold.</p> <p>Note: Nov-Dec historically has been a bullish period for this stock and hopefully it will provide new opportunities.</p>
AEM	AEM lost 2.97% last week besides gaining ground on Friday. Stock continues to be in overbought territory and could consolidate along with Gold. Better to pause new entries for now to obtain a better price.
AU	AU cooled last week after a good run and lost 1.90% in the week. Again, it is time to make some profits and reduce the position size while we still think it has good long-term prospects, however, a pullback is due.
META	It was mentioned last week that Meta is feeling pressure and selling continued bringing it down to its lowest closing level in last 2-3 months. It looks like we are going to experience more selling (another 2-3%) and if the losses are 8% or up then positions should be closed for now. Long-term we still believe that Meta has strong fundamentals and has a vision of becoming a leader in AI. But currently, defensive play is more suitable.
TSLA	<p>We mentioned last week that it could be the time to close position in Tesla as it was likely to lose ground before forming a base. Tesla tried to make a comeback make but again failed hence the position was closed at breach of its 20-day EMA at 422.56.</p> <p>Tesla is likely to further come down between 390-400 range to close the gap. At this time, it does not offer any new entry.</p>
MSFT	Microsoft gained earlier but gave away all strength on Friday. It looks like it is all set to go down another 2-3% and test mid 490 areas before support could be found.
GOOGL	Alphabet also closed below its 20-day EMA and is probably looking to test the gap support at 225, which is roughly 4% from the current level. Profits should be taken, and positions should be reduced to protect capital.
CVX	Chevron lost another 3% last week. The energy giant offers a 4.59% dividend and remains attractive to long-term investors, though its stock price is unlikely to

	change much in the short term. Its consolidation is now in fourth year in a range between 129-165 and it can continue to trade in this range in near future as well. Therefore, from a growth perspective, we are also closing this position to secure profits.
MPLX	MPLX continued its slide with another 3.67% last week and now it is below 50-day EMA. As mentioned last week, it was sold when dropped below 49.13 Long-term investors, however, could continue to hold it amid high dividend yield (8% now on these levels).
BABA	Baba made a huge drop of 15.4% giving a sell signal for the week. As such position should be closed to protect the remaining gains. However, BABA is now acting as a long-term stock and hence should be kept in a watch list for future action and buy points. It was already mentioned that being a Chinese stock, BABA is prone to sharp pullbacks and volatility.
GLDM	Although gold was up by 3.28% last week as it hit \$4000 for the first time but we think there are higher chances for it to consolidate below the short-term top before making another move. Long term is still fine, but a deeper pullback and/or consolidation is expected. If profits are in 15-20% range or beyond then some could be taken, and future entries could be put on hold till a pullback to mean is noticed.

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