

Market Jitters: Consumers Keep Swiping While Inflation Creeps

Wall Street's Balancing Act

Stocks managed a small bounce on Friday, snapping a three-day losing streak, yet the week still closed in the red. The Dow slipped 0.2%, the S&P 500 eased 0.3%, and the Nasdaq gave up 0.7%. Gains on the final trading day weren't quite enough to rescue the indexes from their weekly declines.

The Inflation Puzzle

The Federal Reserve's preferred inflation barometer—the Personal Consumption Expenditures Price Index—nudged higher again in August, its fourth straight monthly rise. Prices climbed 0.3% from July and were 2.7% above year-earlier levels. Core PCE, which strips out the noisy food and energy components, ticked up 0.2% for the month and held steady at a 2.9% annual pace.

That leaves the Fed in a bind: inflation isn't racing out of control, but it remains stubbornly above the 2% goal. Meanwhile, growth is softer, and the labor market is showing cracks.

Consumers to the Rescue—For Now

Despite the mixed economic signals, Americans kept spending. Household outlays advanced to a brisk 0.6% in August. But here's the twist—wealthier households are carrying more of that weight. As Greg Daco, EY-Parthenon's chief economist, put it, the picture of resilience hides the reality that many families are feeling squeezed by higher grocery, auto, furniture, and services costs.

Friday's release also revealed that spending has been outrunning income for much of the summer. That imbalance can fuel growth in the short run but isn't a recipe for the long haul.

On market breadth, the equal weight Nasdaq 100 ETF (QQEW) and equal Weight S&P 500 ETF (RSP) were up 0.27% and 0.10% for the week showing that besides Mag7, other major stocks were being supported, and hence broader market is still bullish in nature. As October is getting closer, we are coming out of the most bearish period of the year and hence market could look to pull higher.

The Bottom Line

The Fed is stuck juggling two realities: inflation that won't quite go away and consumers who keep shopping like the sale never ends. Investors, meanwhile, are left to parse on whether the resilience is genuine strength—or just a high-end splurge that can't last forever.

Market Scorecard

Index	Friday Close	Weekly	Monthly	YTD	1-Year
S&P 500	+0.59%	-0.31%	+3.95%	+13.31%	+16.64%
Dow Jones	+0.65%	-0.15%	+3.10%	+8.86%	+10.21%
Nasdaq 100	+0.44%	-0.50%	+5.31%	+17.20%	+24.13%
Nasdaq Composite	+0.44%	-0.65%	+6.18%	+17.20%	+25.63%
Russell 2000	+0.86%	-0.67%	+7.72%	+10.83%	+10.04%

Sector Pulse

Sector	Weekly Change	One-Month Trend
Health Care (XLV)	-0.85%	-0.68%
Materials (XLB)	-1.73%	-2.89%
Industrials (XLI)	+0.06%	+0.03%
Real Estate (XLRE)	+0.83%	+0.45%
Financials (XLF)	-0.39%	+0.68%
Communications (XLC)	-0.69%	+6.83%
Energy (XLE)	+4.81%	+5.15%
Discretionary (XLY)	-0.52%	+2.75%
Utilities (XLU)	+2.88%	+2.50%
Staples (XLP)	-1.11%	-2.53%
Technology (XLK)	+0.10%	+6.15%

The market painted a mixed picture last week, with a few clear winners stealing the spotlight.

- **Energy (XLE)** surged to the top with a **+4.8% gain**, riding the wave of crude oil price hikes. Oil-related plays like MLPs and LNG stocks also enjoyed strong momentum.
- **Utilities (XLU)** impressed with a **+2.9% jump**, showing steady relative strength. Investors are increasingly eyeing power companies as AI-driven data centers are expected to demand massive electricity loads in the future.
- **Discretionary (XLY)** got a Friday boost, thanks mainly to Tesla's continued rally and a modest rebound from Amazon.
- **Technology (XLK)** managed a slim **+0.1% gain**, with semiconductors holding the line against broader market weakness. Software (IGV) also found support at its 21-day moving average, keeping the sector afloat.
- **Communications (XLC)** slipped, as Google and Meta pulled back under seasonal selling pressure.
- **Staples (XLP)** lagged again, down **1.1%**, highlighting their ongoing relative weakness.
- **Materials (XLB)** stayed under pressure, despite gold and silver stocks stealing the show. Gold hit fresh highs, fueled by interest rate cuts and geopolitical jitters—trading at its most

overbought levels since the 1980s. Commodities, as history shows, tend to trend longer than equities once momentum takes hold.

- **Financials (XLF)** showed some stability, especially banks, which looked healthier following recent Fed rate cuts.
- **Real Estate (XLRE)** is still stuck in a narrow range, finding support near its 200-day moving average.
- **Health Care (XLV)** continues to lag, with the sector trading at its 200-day EMA line and struggling to gain traction.

Bottom line: Energy and Utilities lit up the leaderboard, gold glittered at multi-decade highs, while Staples and Health Care dragged their feet. Tech and Communications treaded water, proving that sector strength is as uneven as ever.

Important Economic events next week:

Comparatively calm week when it comes to important economic events:

Monday (09/29): Pending Home Sales (MoM)

Tuesday (09/30): Chicago PMI (Sep), Consumer Confidence (Sep), JOLTS Job Openings (Aug)

Wednesday (10/01): ADP Nonfarm Employment Change (Sep), S&P Global Manufacturing PMI (Sep), ISM Manufacturing PMI (Sep)

Thursday (10/02): Initial Jobless Claims, Factory Orders (MoM)

Friday (10/03): Average Hourly Earnings (MoM). Unemployment Rate (Sep), S&P Global Services PMI (Sep), ISM Non-Manufacturing PMI (Sep)

Important Earnings this week:

Some important earnings left for the upcoming week are:

Monday (09/29): Carnival (CCL), Progress Software (PRGS)

Thursday (09/30): Nike (NKE)

Wednesday (10/01): Levi Strauss (LEVI)

Thursday (10/02): Aehr Test System (AEHR)

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 trading in a tight range around its 184.45 buy point as it gained 0.86% for the week. It is still consolidating, and the buy signal will trigger as it moves past 184.47 on volumes, otherwise, further consolidation is possible as it finds support at its 50-day EMA (currently 172.49). Nvidia 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 gained another 4% last week as it is eyeing its all-time high at 259.18. At this point, the risk-to-reward ratio is getting low hence 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:

1. **EME:** EMCOR is an infrastructure provider to AI data centers and as Mag7 giants like Meta, Microsoft and Alphabet continue to invest heavily in AI data centers, EMCOR is poised to benefit from their future investments. Its latest report shows a 17% increase in revenue and 28% increase in earnings per share. Several top funds have invested in this stock recently, which is targeting its all-time buy-point of 667.64. Currently it is finding support at 50-day EMA line within a tight range and is likely to move out from it soon. Our Daily TR indicator also gives a **buy signal** with a stop loss at 607.
2. **PWR:** Thinking about participating in Utilities sector? Quanta Services (PWR) 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. The growth in AI data centers is also beneficial for the business of this utility player which according to the TR indicator is in a buy range (8-10% stop loss). However, any pullback to its rising 50-day EMA could provide a much better entry point with high reward-to-risk ratio.

Medium- and Short-Term Picks:

CDNS	<p>Cadence System Design pulled back by 6.22% last week but is finding support at 50-day EMA. It still offers an entry at this level with an 8-10% stop loss. A lot depends upon the Tech sector and market in general, if it remains strong then it can go back to prior levels easily.</p> <p>Note: A deeper market pullback could also pull CDNS down, albeit temporarily. Therefore, reduced position sizes are suggested now.</p>
MP	MP Materials was selected last week and initially it jumped and tried the high at 82.50 but reversed 11% on Friday in a rising market. This is a sell signal, and the position should be closed as it is likely to come down and test its 50-day EMA line at 63.92 and even can try to close the gap at 55 before finding support.
GEV	GEV lost another 3%. We think that if it remains above 565.43 it offers an entry at current levels with a stop loss below 565.43.
HIMS	Selected two weeks ago, HIMS proved its selection was right and closed 1% up for the week. Still offering an actionable entry with a stop loss below 48.69. Its fundamental story remains intact, and it is at a buy point as per the weekly TR indicator chart.

FIX	Added three weeks ago, Comfort Systems gained another 0.83% last week. As mentioned last week, it found support at a test of its 20-day EMA. It is offering another entry at current level with a stop loss below 757.
STNE	After a very decent run from 12.53 in July to 19.62 last week, Stone also cooled down with a 3.5% loss. It was mentioned last week that the stock was extended from its entry point, and investors should make some profits if a 15-20% profit level is obtained. It is expected to consolidate at these levels since the stock is in overbought territory. Let's wait for a proper buy point for another entry.
ZM	Zoom gained another 0.42% gain last week, but all gains came on Friday with 0.62% gain. It found support at 20-day EMA which also provided another entry in Zoom last week. Current levels provide another entry with a stop loss below 79.
MU	As mentioned earlier, Micros was in a profit taking zone and accordingly it shed 3.36% last week after its earnings. This phase could continue for sometimes or the stock could pull back to its 20-day EMA line at 149.64 where it is expected to get support and a possible suggested entry with stop loss below the 50-day EMA at 134.51. Micron handily beat estimates for fiscal fourth quarter due to strong AI data center growth, earnings soared 157% year over year while sales rose by 46%.
APP	<p>Applovin had another good week with 3.12% gain making it seven out of last eight weeks. It was added to the S&P 500 on 09/22. It is also time to book some profits if not yet taken. In last one year, APP has advanced with an astonishing 423% return.</p> <p>Long-term indicators fully support continuation of the uptrend but now it is extended and should be considered at better locations.</p>
IONQ	After an impressive four weeks run, IONQ took a breather with a 4.45% loss last week. Any pullback to 20-day EMA (59.61) will be a test for IONQ and could provide another entry for aggressive investors.
ATAT	Atour gained another 1% last week and breached its 50-day EMA line. It risks further drawdown and hence it is recommended to close any position now and move it to a watchlist for any possible future buy point.
GBTC / ETHE	<p>ETHE position was closed mid-week amid a 9.3% pullback for Ethereum this week. Ethereum is further likely to come down to 30 where a fresh entry should be considered. Bitcoin ETF (GBTC) also lost 5.19% last week signaling weakness among cryptos. A test of 50-day EMA (77.02) is also possible for GBTC at this stage as bitcoin currently is at 109,810 and if it breaks its support at 107,485 then GBTC could also come down.</p> <p>With the recent action in these cryptos, caution and patience are suggested.</p>
AMZN	Amazon has been fined by FTC 2.5 billion USD for use of deceptive methods to sign customers for their prime membership. The stock lost 5% for the week and triggered a sell signal breaching the 50-day EMA line and expected to find support around 210-212 level. Hence the existing position was closed during the week.

AVGO	<p>Broadcom lost another 2.85% last week as it consolidates after a great run since April and now settles below its 20-day EMA. As such it is likely to test its 50-day line where it is likely to find support. On the other hand, it moves past 339 in strong volumes then it could also be another entry for aggressive investors.</p> <p>Nov-Dec historically has been a bullish period for this stock and hopefully it will provide new opportunities.</p>
AEM	AEM continued to ride the gold rally with another 1.38% gain. Stock is in overbought territory and could consolidate along with Gold. Better to hold new entries for now to obtain a better price.
CRDO	<p>After a great run for last several weeks, CRDO lost 15.7% for the week and flashed sell signal. It was mentioned that this is a volatile stock only suited to aggressive investors.</p> <p>As the stock closed its 20-day EMA, it now risks slipping further around 130 level before finding support. Hence the existing position if any should be closed. It is now being moved to a watchlist for any possible future action.</p>
MELI	MELI continue to consolidate in a tight range with a 0.66% gain last week. Any pullback to its 20-day EMA (2531.56) will provide an actionable entry with an 8-10% stop loss range. MELI looks fine to make another entry towards upside targeting 2645.22 and beyond.
AU	AU gained another 0.71% last week due to continuing rally in gold and gold miners. 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. Let us wait for a better entry around the 20-day or 50-day EMA lines.
META	Meta lost 4.38% amid last week amid a broader pullback in the Communications sector (XLC). Current levels provide another entry in Meta with a tight stop loss below 721. It has strong fundamentals and a long-term vision of becoming a leader in AI.
TSLA	Tesla gained another 3.36% last week, making it four weeks in a row. We have been bullish on Tesla for last several months and while we think that Tesla is well poised to test the high at 488.54, but it is above a proper buy point now and given Tesla's volatile history, it will be better to wait for another base to form. Meanwhile, if profit is 15-20% or above, then this may be time to take some profit off the table.
MSFT	Microsoft is trading in a tight range, finding support around its 20-day and 50-day EMAs. It gained 0.87% on Friday and is offering a good reward-to-risk entry at current levels with a stop loss below 495. It can remain in a range for some time before making a move.
GOOGL	We mentioned last week that Alphabet is likely to pull back and test its 20-day EMA. It came very close to it and then found support here. It is still extended and besides

	renewed strength in Google, we think it will consolidate and any further pullback to the rising 20-day EMA (239.56 now) will provide a better entry.
CVX	Chevron gained 2.31% to settle past 160. The energy giant now has a dividend of 4.21% and is still a favorable play for many long-term investors although not much movement in its stock price is expected in the short-term.
MPLX	MPLX recovered 1.92% last week and closed above its 50-day EMA line. Again, MPLX was selected on the basis of its high-dividend yield and should be closed if it breaks below 49.13. Long-term investors, however, could continue to hold it amid high dividend yield.
BABA	Baba continued to gain, making it now 8 weeks in a row with another 5.82% gain. We think that Ali Baba is going further higher eventually but in the short run it can consolidate in a range. Consider taking profits and trimming your position, as BABA is prone to sharp pullbacks and volatility.
GLDM	We mentioned last week that aggressive investors could still take a position. Gold again gained 2.24% last week continuing its tremendous bull run. Gold now seems a bit extended but continues to look for support on pullback to 20-day EMA line.

Website:

We have added a WhatsApp group where we post regular alerts on stocks and markets we follow. It could be found here:

<https://chat.whatsapp.com/FII6mn7fXA60wltZvRxOvm>

Please review our offers and if interested in our Excel based software, the TR (Trend Recognition) Indicator and the commentary then you could purchase it on:

<https://analyzestocks.net>

or visit our Etsy store at:

<https://www.etsy.com/listing/1540978608/advanced-excel-stocks-analysis-and>

All customers will continue to receive the Market commentary for a period of 1 year from the date of the purchase.

Follow us on Facebook: <https://www.facebook.com/MJSoftwareCo>

Follow us on Threads: <https://www.threads.com/@analyzestocks>

Subscribe to our YouTube channel to obtain the latest news and information about our products at:

<https://www.youtube.com/@MJSoftware>

Happy Trading and best regards,

Disclaimer:

The information provided here is for educational / learning purposes only and should not be taken as purchase or sell recommendations. Trading / Investing in Stocks and derivatives is **highly risky** and could result in a substantial or complete loss of invested capital.

Employees and Owners of MJ Software LLC are not registered Financial Advisors with FINRA or SEC and for any financial advice please consult a registered financial advisor.