

[What's New]

Tech Stocks Surge Amid Market Mixed Signals

Last week's stock market rally was marked by mixed signals. The S&P 500 and Nasdaq hit new highs, but the latter shows signs of being increasingly extended. Conversely, small-cap stocks dipped below a significant threshold.

Market Highlights

Several stocks demonstrated buy signals. Meta Platforms (META), Palantir Technologies (PLTR), and ASML (ASML) entered buy zones. Tesla (TSLA) experienced a substantial increase, while Nvidia (NVDA) saw modest weekly gains, continuing to perform well after a pullback from record highs.

The 10-year Treasury yield increased to 4.3%. Bitcoin fell below \$55,000, dropping 10.7% last week to \$56,458.26 but rebounding from a multi-month low of \$53,700 early Friday.

Upcoming Events: Powell's Testimony and Inflation Data

Federal Reserve Chairman Jerome Powell is set to testify before Congress on Tuesday and Wednesday. Investors will be closely watching for any changes in his comments on monetary policy. Should the trend of slowing economic data continue, Powell's previous statements may hint at potential rate cuts later this year. Markets currently estimate a 77.9% chance of a Fed rate cut by the Sept. 17-18 meeting, with a 76.5% chance of two cuts this year.

The June CPI inflation report is due on Thursday, following the soft jobs report on June 5. PPI inflation data will be released on Friday.

Bank Earnings Reports

Major banks, including JPMorgan Chase (JPM), Wells Fargo (WFC), and Citigroup (C), are set to report earnings on Friday.

Stock Market Performance

The stock market rally showed positive movement in the major indexes. The Dow Jones Industrial Average rose 0.7% in last week's trading, the S&P 500 index increased by 1.95%, and the Nasdaq composite jumped 3.5%. However, the small-cap Russell 2000 fell 1%, dropping

below its 50-day line.

The Invesco S&P 500 Equal Weight ETF (RSP) dipped 0.4% to 163.38, falling further below the 50-day line. In contrast, the First Trust Nasdaq 100 Equal Weighted Index ETF (QQEW) climbed 1.6% to a record high, indicating strength in growth stocks, especially tech growth names, beyond the mega caps.

The Nasdaq is now 8.3% above its 50-day line, showing signs of being overextended. This is similar to the index's state on June 17, which led to two weeks of sideways action. The likelihood of a pause or pullback is increasing, though it might not happen immediately or be significant, but those risks are growing.

The 10-year Treasury yield fell seven basis points to 4.27% after spiking to 4.49% early in the week. U.S. crude oil futures rose 2% to \$83.16 a barrel for the week, marking a 10.1% increase over the past four weeks. Copper futures jumped 6.1% for the week, while gold prices climbed 2.6% and silver leapt 7.4%.

ETFs Performance

The iShares Expanded Tech-Software Sector ETF (IGV) climbed 2.3%, nearing its late 2021 peak. PLTR stock is a component. The VanEck Vectors Semiconductor ETF (SMH) rose 3.5%. Nvidia stock is the largest holding, with ASML also being a key component.

Reflecting more speculative stocks, ARK Innovation ETF (ARKK) rallied 4.55% last week, while ARK Genomics ETF (ARKG) fell 1.1%. Tesla stock is the top holding across Ark Invest's ETFs.

SPDR S&P Metals & Mining ETF (XME) increased by 3.25%, buoyed by rising metal and coal prices. The Financial Select SPDR ETF (XLF) rose 1%, with JPMorgan stock, Citigroup, and Wells Fargo as major components.

However, there was weakness elsewhere. The Global X U.S. Infrastructure Development ETF (PAVE) declined 1.1%. The U.S. Global Jets ETF (JETS) dropped 2.6%. The SPDR S&P Homebuilders ETF (XHB) skidded 3.1%. The Energy Select SPDR ETF (XLE) retreated 1.15%, and the Health Care Select Sector SPDR Fund (XLV) lost 0.9%. The Industrial Select Sector SPDR Fund (XLI) dipped 0.5%.

Stock Highlights

Tesla (TSLA): Tesla stock soared 27.1% to 251.52 for the week, surging past the 200-day line. Q2 deliveries fell compared to last year but exceeded lowered expectations. TSLA stock is now at a long-term trendline dating back to its late 2021 peak. Ideally, Tesla would benefit from a pause. Tesla's earnings are due on July 23, with a robotaxi event slated for Aug. 8.

Nvidia (NVDA): Nvidia stock rose 1.85% to 125.83 for the week, bouncing off the 21-day line.

An aggressive investor might have seen Wednesday's action as an opportunity to add shares. However, NVDA stock could use a longer pause. Nvidia's earnings aren't due until mid-August. Taiwan Semiconductor Manufacturing (TSM), which produces chips for Nvidia and many others, reports June sales on Wednesday and Q2 earnings on July 18.

Meta (META): Meta stock jumped 7.1% to 539.91, mainly on Friday. Meta's earnings are due July 31.

ASML (ASML): ASML stock climbed 5.1% for the week to 1,074.48, rebounding from the 21-day. ASML earnings are due on July 17.