

## [What's New]

### **Stock Market Advances as Nvidia Earnings and Fed Rate Cuts Dominate Focus**

The stock market rally continued to show strength over the past week, largely fueled by Friday's gains following the Jackson Hole event. The S&P 500 is closing in on record levels, while other major indexes are also advancing. Many leading stocks are either breaking out or positioning themselves for potential upward moves.

It is important to note that Nvidia's earnings report is due on next Wednesday night. Nvidia's performance and guidance will be critical for AI-focused stocks such as Broadcom (AVGO), Taiwan Semiconductor Manufacturing (TSM), and Arista Networks (ANET).

Additionally, earnings reports from companies like Birkenstock (BIRK), Abercrombie & Fitch (ANF), PDD Holdings (PDD), Ollie's Bargain Outlet (OLLI), Salesforce (CRM), as well as storage firms NetApp (NTAP), Pure Storage (PSTG), and Nutanix (NTNX) are expected next week. Pinduoduo's parent company, PDD, is set to report before the market opens on Monday.

#### **Stock Market Rally**

The stock market rally experienced a brief pause during the week, but ended on a strong note Friday following Fed Chief Jerome Powell's dovish remarks at Jackson Hole.

As anticipated, Powell confirmed that rate cuts are on the horizon, stating, "The time has come for policy to adjust." Powell emphasized the importance of not further weakening the job market and did not counter market expectations for 100 basis points of rate cuts this year.

The Dow Jones Industrial Average rose by 1.3% over the past week, the S&P 500 gained 1.45%, the Nasdaq Composite increased by 1.4%, and the small-cap Russell 2000 surged 3.6%.

The Nasdaq is currently in a minor consolidation phase, holding just below 18,000 but managed to reclaim its 50-day moving average on Friday.

The Invesco S&P 500 Equal Weight ETF (RSP) hit a record high on Friday, advancing 2.1% for the week.

Despite a tech-led sell-off on Thursday, the market continued to build on recent gains, with many leading stocks breaking out or forming stronger, more defined bases.

The year's two primary market drivers have been the ongoing AI boom and expectations of Fed rate cuts. Powell's Jackson Hole speech, which reaffirmed the likelihood of rate cuts, suggests a supportive environment. However, the market is now looking to Nvidia's upcoming earnings report to confirm the positive momentum in AI-related stocks.

U.S. crude oil futures fell 0.9% last week to \$74.83 per barrel, but managed to recover from midweek lows.

The 10-year Treasury yield declined by nine basis points to 3.81%, reaching a 52-week closing low on Wednesday. The two-year Treasury yield, which is more closely tied to Fed policy, fell by 15 basis points to 3.91%.

### **Stock Sectors**

Among growth ETFs, the iShares Expanded Tech-Software Sector ETF (IGV) rose by 1%, while the VanEck Vectors Semiconductor ETF (SMH) increased by 0.7%. Nvidia remains the dominant holding in SMH, with Taiwan Semiconductor and Broadcom also being key components.

The SPDR S&P Metals & Mining ETF (XME) climbed 2.1% last week. The SPDR S&P Homebuilders ETF (XHB) jumped 8.2%. The Energy Select SPDR ETF (XLE) dipped slightly by 0.15%, while the Health Care Select Sector SPDR Fund (XLV) climbed 1.7%.

The Industrial Select Sector SPDR Fund (XLI) rose by 1.7%, and the Financial Select SPDR ETF (XLF) gained 1.5%.

Reflecting more speculative stocks, the ARK Innovation ETF (ARKK) surged by 4.85% last week, while the ARK Genomics ETF (ARKG) rose by 3.6%.

### **Nvidia Earnings 'X-Factor'**

Nvidia, the leading AI chipmaker, is set to report its earnings on Wednesday night. The company's earnings are projected to skyrocket by 141% compared to the previous year, with revenue expected to increase by 113% to \$28.73 billion. This would mark the fifth consecutive quarter of triple-digit growth in both metrics.

Analysts will also be keen to hear confirmation and details regarding any delays in Nvidia's next-generation Blackwell processors. They are looking to understand whether customers are holding off for the new AI chip or if they are accelerating purchases of the existing Hopper line.