

[What's New]

Market Struggles Amid Global Sell-Off, Nvidia Concerns, and Economic Uncertainty

The stock market experienced a challenging start to the week as Monday opened with significant losses. This decline was triggered by a combination of factors, including the unwinding of yen-carry trades, delays in Nvidia's AI chip production, and growing recession concerns. These issues collectively led to a global sell-off, accompanied by a sharp increase in market volatility.

Despite this rough beginning, the market began to recover from its lows by Monday's close, initiating a rally attempt on Tuesday. This rebound was supported by a stabilization of the yen and stronger-than-expected U.S. economic data, which helped alleviate some of the prevailing market fears.

In the past week's trading, the Dow Jones Industrial Average dropped by 0.6%, while the S&P 500 ended the week with a slight loss. The Nasdaq composite fell by 0.2%, and the small-cap Russell 2000 declined by 1.35%.

The Dow Jones managed to close just above its 50-day moving average, while the Russell 2000 continued to struggle at this resistance level. Both the S&P 500 and Nasdaq remain below their 10-day moving averages, with further resistance at the 21-day and 50-day levels. By Friday, the major indexes had settled into a holding pattern.

U.S. crude oil futures saw a significant rise of 4.5%, closing the week at \$76.84 per barrel, marking an end to a four-week losing streak.

Treasury Yields Rebound, Key Economic Data on the Horizon

The 10-year Treasury yield saw a 15-basis point increase, reaching 3.94%. Earlier in the week, it briefly dipped to 3.67% on Monday before surging past 4% during Thursday's intraday trading.

The market is now anticipating a rate cut at the Federal Reserve's upcoming meeting on September 18, though opinions are divided on whether the reduction will be 25 or 50 basis points.

In the week ahead, investors will focus on important economic reports, including the July

producer price index on Tuesday and the consumer price index on Wednesday. Additionally, Thursday will bring the July jobs report, weekly jobless claims, and regional manufacturing reports for August from both the Philadelphia Fed and the New York Fed.

ETFs Performance Overview

Growth-focused ETFs showed mixed results last week. The iShares Expanded Tech-Software Sector ETF (IGV) climbed by 2.8%, while the VanEck Vectors Semiconductor ETF (SMH) rose by 2.9%. Nvidia remains the top holding in SMH, followed closely by Taiwan Semiconductor.

Other sector-specific ETFs experienced varied performance. The SPDR S&P Metals & Mining ETF (XME) fell by 0.8%, while the Global X U.S. Infrastructure Development ETF (PAVE) saw a marginal decline of 0.1%. The SPDR S&P Homebuilders ETF (XHB) dropped by 2.9%, whereas the Energy Select SPDR ETF (XLE) gained 1.1%. The Health Care Select Sector SPDR Fund (XLV) slipped by 0.6%, with Eli Lilly as a significant component. Meanwhile, the Industrial Select Sector SPDR Fund (XLI) increased by 1.25%, and the Financial Select SPDR ETF (XLF) rose by 0.8%.

Reflecting the performance of more speculative stocks, the ARK Innovation ETF (ARKK) edged up by 0.6%, while the ARK Genomics ETF (ARKG) decreased by 1.4%. Tesla, a key holding in Ark's ETFs, saw its stock fall by 3.7% last week to 200, dipping below its 200-day moving average and erasing much of its recent gains, though it did manage to recover slightly from its lows.

Nvidia's Stock Performance

A key question remains: Can AI-related stocks continue to perform well if Nvidia is facing challenges?

Nvidia's stock managed to rebound from Monday's lows, recovering to above the 100 level and a previous base. However, shares still declined by 2.35% over the week, closing at 104.75 and meeting resistance at the 10-day moving average. This marks the fourth consecutive weekly drop for Nvidia. Persistent concerns about potential fatigue in AI-related spending, along with reports of production delays for Nvidia's upcoming AI chip, Blackwell, have added further pressure on the stock.