

[What's New]

Apple, Nvidia, and Microsoft Compete for Market Cap Dominance in a Mixed Market Rally

In the past week, the Nasdaq composite soared and the S&P 500 reached new record highs, thanks to gains in major tech stocks. Despite moderate inflation, both the Dow Jones and Russell 2000 fell below their 50-day moving averages.

Apple (AAPL), Nvidia (NVDA), and Microsoft (MSFT) are in a close race for the title of the most valuable company, with each comfortably exceeding the \$3 trillion mark.

Overall, the increasingly fragmented market and some weakness in leading stocks suggest investors should be cautious with new investments.

Stock Market Rally

The stock market rally is showing signs of division, despite reports of subdued inflation.

Last week, the Nasdaq climbed 3.2%, and the S&P 500 increased by 1.6%, both reaching new highs. This was driven by gains in Apple, Oracle (ORCL), Broadcom (AVGO), and Adobe (ADBE), alongside mega-cap stocks Nvidia and Microsoft.

In contrast, the Dow Jones Industrial Average fell 0.5% for the week, even with support from Apple and Microsoft, dropping below the 50-day line. However, the Dow frequently closed near session highs.

The small-cap Russell 2000 and the S&P MidCap 400 declined by 1% and 0.9%, respectively, hitting their lowest levels in over a month and clearly falling below their 50-day lines.

The Russell 2000's relative strength line is at a 23-year low, highlighting the long-term underperformance of small caps compared to the S&P 500.

The Invesco S&P 500 Equal Weight ETF (RSP) dropped 0.5%, marking its fourth consecutive modest loss and falling below the 50-day line on Friday.

The First Trust Nasdaq 100 Equal Weighted Index ETF (QQEW) rose 0.9%, but significantly lagged behind the Nasdaq.

The Nasdaq ended the week 7.5% above its 50-day line, indicating a potential for a pullback. Nvidia stock is currently 35.3% above its 50-day line.

Meanwhile, the Nasdaq Advance/Decline line has reached a multi-year low.

Sectors like hospitals, including Universal Health, and various other medical stocks continue to perform well. Some discount retailers are also showing strength.

Aerospace stocks retreated last week, with companies like GE Aerospace (GE) breaking key levels. Homebuilders pulled back from Wednesday morning's peak despite falling interest rates. Financials, metals and mining stocks, and industrials are generally struggling.

The 10-year Treasury yield fell by 22 basis points to 4.21%, its lowest level since late March.

U.S. crude oil futures increased by 3.9% to \$78.45 a barrel last week.

ETFs

Among growth ETFs, the iShares Expanded Tech-Software Sector ETF (IGV) rebounded 3.3%, with key holdings including Microsoft, Oracle, and Adobe. The VanEck Vectors Semiconductor ETF (SMH) surged 6.2%, driven by Nvidia and Broadcom.

Reflecting more speculative names, the ARK Innovation ETF (ARKK) edged up 0.2% last week, while the ARK Genomics ETF (ARKG) fell 0.9%. Tesla stock remains the top holding across Ark Invest's ETFs.

The SPDR S&P Metals & Mining ETF (XME) fell 3.7% last week. The U.S. Global Jets ETF (JETS) declined 2.5%. The SPDR S&P Homebuilders ETF (XHB) increased 2.2%. The Energy Select SPDR ETF (XLE) dropped 2.2%. The Health Care Select Sector SPDR Fund (XLV) edged up 0.2%, with UHS stock among its holdings.

The Industrial Select Sector SPDR Fund (XLI) declined nearly 1%. The Financial Select SPDR ETF (XLF) fell by 2%.

Apple, Microsoft, Nvidia Compete for Market Cap Leadership

Apple surged 7.9% last week to 212.49, driven by its much-anticipated AI strategy, breaking out of a consolidation since July. Apple ended the week with a market cap of \$3.258 trillion, briefly reclaiming the title of the most valuable company as of Thursday.

Nvidia jumped 9.1% to 131.88, marking its eighth consecutive weekly gain. The AI chip leader has a market cap of \$3.249 trillion.

Microsoft climbed 4.4% to a new high, achieving a market cap of \$3.288 trillion, narrowly

securing the top spot by week's end.

Combined, these three mega-cap stocks are valued at \$9.796 trillion, representing over 20% of the total market capitalization of the S&P 500.