

[What's New]

Weekly Market Update: Volatility and Mixed Signals Persist

The past week in the stock market was characterized by volatility, resulting in mixed signals. Despite this, the major indexes managed to maintain tight action, with the Nasdaq's power trend still intact.

Key Stock Movements

Meta Platforms (META), Amazon.com (AMZN), and Tesla (TSLA) all experienced breakouts during the week, although they encountered resistance on Friday. Nvidia (NVDA) and other leading chip stocks initially saw declines but generally found stability by week's end.

Software stocks performed well, with companies like AppLovin (APP), Monday.com (MNDY), and ServiceNow (NOW) showing buy signals.

China EV Sales

Expectations are set for June and second-quarter sales reports from Chinese EV manufacturers Nio (NIO), Li Auto (LI), XPeng (XPEV), and Zeekr (ZK) early Monday. We may also see figures from EV and battery giant BYD (BYDDF). Tesla and Rivian (RIVN) are scheduled to release their numbers early Tuesday.

Stock Market Performance

The stock market rally experienced some instability, closing the week with mixed results. The Dow Jones Industrial Average fell by 0.1%, the S&P 500 dipped 0.1%, and the Nasdaq composite edged up 0.2% after reversing from record highs on Friday. The small-cap Russell 2000 rose 1.3%, regaining its 50-day moving average.

The Invesco S&P 500 Equal Weight ETF (RSP) declined 0.8%, ending just below its 50-day average. The First Trust Nasdaq 100 Equal Weighted Index ETF (QQEW) fell 0.6%, remaining close to record highs.

Friday was challenging for many growth stocks, although software stocks continued to perform well. Financials and industrials, which showed promise early in the week, faded by week's end, although JPMorgan Chase (JPM) did show an early entry signal on Friday.

On a weekly chart, the Nasdaq has remained resilient, rising for the past four weeks and in nine of the last ten weeks. The Nasdaq is currently 5.9% above its 50-day line, suggesting that a longer pause or mild pullback could be beneficial, allowing stocks to set up for the next advance.

Seeing the Russell 2000, RSP, and some key non-tech sectors rise decisively above their 50-day lines would be a positive development.

The 10-year Treasury yield increased by nine basis points to 4.34%. U.S. crude oil futures rose 1% to \$81.84 a barrel, continuing their recent uptrend.

ETFs Performance

The iShares Expanded Tech-Software Sector ETF (IGV) jumped 2.4%, marking its fourth consecutive strong weekly advance. ServiceNow and AppLovin are among IGV's holdings. The VanEck Vectors Semiconductor ETF (SMH) dropped 1.6% but recovered somewhat from its lows. Nvidia is the dominant holding in SMH.

Reflecting more speculative stocks, ARK Innovation ETF (ARKK) rose 1.4%, while ARK Genomics ETF (ARKG) tumbled 3.5%, nearing its April lows. Tesla remains the top holding across Ark Invest's ETFs.

SPDR S&P Metals & Mining ETF (XME) climbed 0.5%, while the Global X U.S. Infrastructure Development ETF (PAVE) fell 1.1%. U.S. Global Jets ETF (JETS) dipped 0.25%, and SPDR S&P Homebuilders ETF (XHB) declined 1.7%.

The Energy Select SPDR ETF (XLE) bounced 1.6%, while the Health Care Select Sector SPDR Fund (XLV) retreated 0.7%. The Industrial Select Sector SPDR Fund (XLI) dropped 0.85%, and the Financial Select SPDR ETF (XLF) shed 0.6%.

Megacap Stocks

Nvidia declined 2.4% for the week to 123.54. However, after a 6.7% drop on Monday, capping a three-day sell-off, it rebounded and steadied above its 21-day moving average. Nvidia could benefit from a longer break, forming a new base and allowing its 50-day line to catch up.

Meta rose 1.9% to 504.22, clearing a 514.01 buy point on Thursday but falling nearly 3% on Friday.

Amazon gained 2.2% to 193.25, moving past a 191.70 buy point, though it fell 2.3% on Friday.

Tesla jumped 8.1% to 197.88, breaking out from a 191.08 buy point. Tesla hit resistance at the 40-week line on Friday but closed higher. Tesla's strong weekly performance came as analysts

reduced second-quarter delivery estimates ahead of its Tuesday release.

The past week highlighted the market's mixed signals and the challenges faced by various sectors and stocks amidst the ongoing rally.