No Oracle this week. But (Intel)ligence (and Nvidia as well as the Fed) reigns. Like last week, despite September historically being the weakest month of the year, the S&P 500 not only posted another positive week (+1.22%) but the week marked the 4th consecutive gain and notched another all-time high. Technology-based infrastructure names soared on the announcement that Nvidia would invest $5B into Intel (INTC) which soared +22.8% on the news this past week. The Fed cut 25bps as expected but there were mixed views on whether there would be 0, 1 or 2 cuts for the rest of 2025. Per FedWatch - CME Group) there is ~80% odds of two more cuts by YE2025. The US 10 year ended up rising 6bps w/w, to 4.13% despite the rate cut. Sunday night futures slightly lower (~-0.1%).

Performance Summary: The ongoing rally, which began in mid-May, continued with the S&P500 reaching a new ATH and closing high on Friday. The Fed cut the fed funds rate by 25bps as expected while the dot plot was slightly more dovish than expected. Most sectors moved higher. **Technology (XLK, +3.0%)** led as **Software (IGV, +4.9%) and Semiconductors (SMH, +3.7%)** surged on the news that Nvidia would $5B into Intel. **Homebuilders (XHB, -2.7%)** lagged as the long end of the US Treasury yield curve rose 6-7bps. The **Magnificent Seven (MAGS, +3.5%)** showed strength on big rallies by **Tesla (TSLA, +7.6%), Alphabet (GOOGL, +5.8%), and Apple (AAPL, +4.9%)**. Risk-on soared as demonstrated by soaring gains in **ARK Innovation (ARKK, +8.1%) and Innovator IBD 50 (FFTY, +4.5%)**. Other notable movers on the week were **Arista Networks (ANET, +7.3%), Marvell Technology (MRVL, +10.3%), CrowdStrike (CRWD, +15.2%), Oklo (OKLO, +63.5%), Sterling Infrastructure (STRL, +14.9%), and SolarEdge Technologies (SEDG, +22.4%)**. Like the prior week, few infrastructure names showed weakness. **Broadcom (AVGO, -4.1%), MPLX (MPLX, -1.5%), T-Mobile US (TMUS, -1.5%), American Water Works (AWK, -3.0%)** were among the few that pulled back.

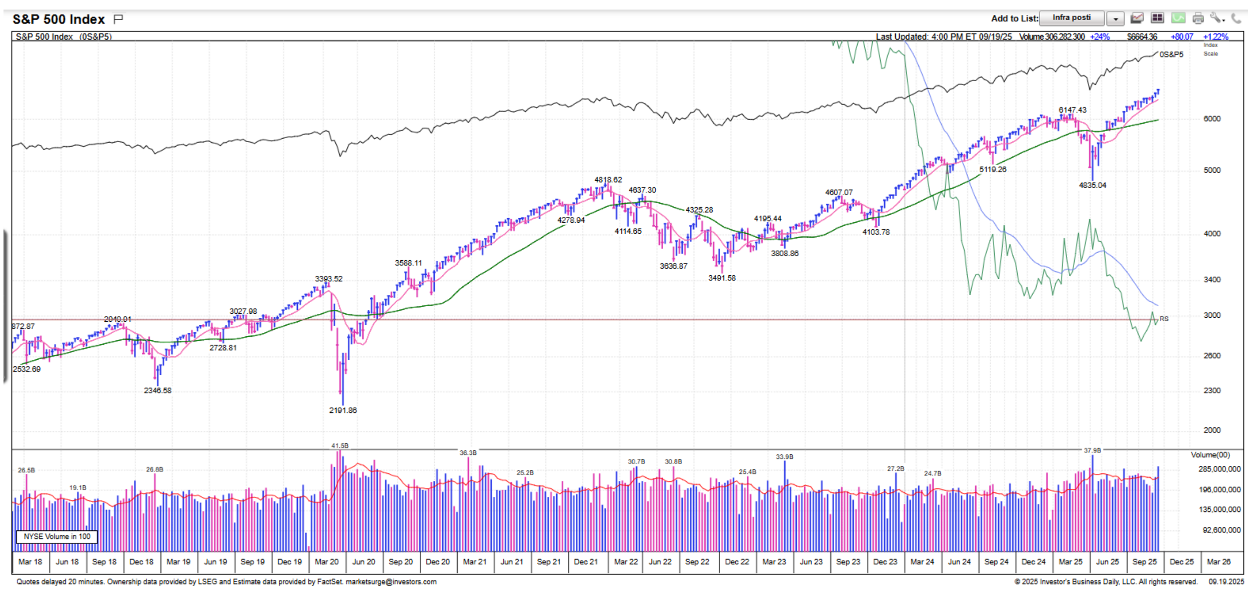
Key events for the week ahead: Fed speeches Monday and Fed Chair Powell speaking to the Greater Providence Chamber of Commerce 2025 Economic Outlook luncheon. On Thursday the GDP Q/Q SAAR final estimate is expected to be +3.3% and the Final SAAR Q/Q price change is expected as 2.0% with the Y/Y figure at +2.1%. The core PCE deflator for August is due to report on Friday with the M/M figure expected as +0.22% and the Y/Y figure expected to be +3.0%. The headline PCE is expected to slip to +0.4% from 0.5% m/m. On the earnings front the report from HBM chip-maker, **Micron Technology (MU)** late Tuesday has market implications. EPS and sales growth of +138% and 44%, respectively are expected.

Stock Market Today/Week: Sept 19, 2025

Index	**Level**	**Day change**	**Week Change**
S&P 500	6,664.36	+0.49%	+1.22%
S&P500 eq wt	189.21	-0.17%	+0.13%
Nasdaq Composite	22,631.46	+0.44%	+2.21%
Dow Jones Industrial Avg.	46,315.27	-0.59%	+1.05%
US 10 year	4.06%		-3bp

Source: Factset

All three market averages remained above the key 21-day exponential moving average and continue to be in a power trend. However, both the Nasdaq and the S&P500 are trading near 1 standard deviation below the trendline average showing some weakness so investors need to stay more vigilant. The Russell 2000 hit fresh 2025 highs and may finally see a sustained rally compared to rallies in recent years generally being "head fakes."



Source: MARKETSURGE BY INVESTOR'S BUSINESS DAILY

This Past week bull-bear debate:

Bulls: The resumption of the Fed easing cycle with more than six months since a Fed pause is more of a historical tailwind for stocks than after first cut of a regular easing cycle. Fed rate cuts with market near ATHs have a strong track record of driving further gains in stocks. Also Goldman Sachs noted that of the six times since 1975 that the S&P500 has rallied 30%+ in five months, in 100% of those cases, the index has ended higher in the ensuing six and 12 months, with an average 12-month gain of +18%. Despite small cap and cyclical strength growth/tech also outperformed. Flow data showing the path of least resistance is higher with equity inflows last week of $58B, largest in 10 months. Market pricing of temporary labor market softening supported by lower weekly initial claims last week (231k vs 264k prior week). Retail sales surprised to the upside in August especially in food and drinking establishments. Philly Fed manufacturing index surged in September, best since January, and surpassed expectations. Disinflation showed up in manufacturing surveys last week. Easing of US-China trade/economic tensions with framework agreement on a TikTok deal. Mortgage refinance demand jumped +58% w/w and +70% y/y after mortgage rates dropped to lowest rates since last October.

Bears: Fed chair Powell said that the rate cut last week was for risk management with no meaningful support for a 50-bp cut. Political interference from the White House with the Fed (read: Lisa Cook issue). AI trade facing some pressure as China accused Nvidia of antitrust violations and Beijing ordered big tech companies to stop buying Nvidia chips and use Chinese chips instead. Housing market softness as building permits fell to lowest level since June 2020 in the August release. Lennar Q3 results and Q4 guidance missed noting continued need for additional incentives. Empire manufacturing index unexpectedly fell into contraction in September and fell to lowest levels since April 2024. FedEx flagged a $1B headwind from global trade in FY2026. Equity allocation jumped to a 7-month high despite record overvaluation reading (AAI bull-bear spread saw 20 point rebound though only back to 0). BoJ policy hold leaned hawkish.

The week ahead: Earnings reports are scarce with Micron Technology (MU) AMO with EPS of +138% y/y and sales of +44% y/y forecast, Costco Wholesale (COST), and KB Home (KBH) key for the market and/or their respective industries.

Upcoming economic events/earnings:

9/22

9/23 AIR AZO MU WOR

9/24 KBH UEC

9/25 CAN COST JBL SNX

9/26 PCE price index (+0.22% m/m and +3.0% y/y expected).

Risks: Easy to forget the ongoing risks while the markets are in a confirmed rally. Markets could fall once again on a Truth Social post from the President. Over the last decade the forward multiple on the S&P500 has averaged just below 20x. Assuming the current 2025E EPS of $259 and 2026E EPS of $300 are correct, then the market is trading on the rich side (24.9x 2025E EPS and 21.5x 2026E EPS). However, with an effective tariff rate still over 16%, even with the pause, EPS estimates could wind up in the $250s range implying low 5000s on the S&P500. If the multiple comes down at all to discount for policy uncertainty would imply further downside risk. Numbers get sloppier if there is retaliation instead of resolution on the horizon. The Trump put that we saw earlier this year suggests a 4800s downside threshold to the S&P500 except it wasn't the S&P500 that triggered the Trump put but instead it was interest rates on US Treasury Securities that were blowing out at that time with an increase in the US 10 year of 51bps.

What to do now: Technical, fundamental, and macro factors continue to suggest that investors be heavily or fully invested. Nonetheless we remain vigilant on a variety of fronts that could impact positioning.

Appendix:

What kind of positive technical confirmations for a power trend per IBD ("Webby's rules"):

1. Follow through day (FTD)
2. Subsequent FTDs.
3. Close above 21-day exponential moving average (EMA).
4. Low above 21EMA.
5. 3 consecutive days with low above 21EMA.
6. Close above 50-day moving average (DMA).
7. Low above 50dma.
8. 3 consecutive days with low above 50dma.
9. Close above 200dma.
10. Low above 200dma.
11. 3 consecutive days low above 200dma.
12. 21ema moves above 50dma.
13. 21ema moves above 200dma.

14. 50dma moves above 200dma.

In the current rally as of 9/19/2025 every condition has been met.

Make it a good week,

John D. Edwards, CFA

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Disclaimer