Overview: Divergence the operative word as far as the past week performance. The 3-week win streak for the broader market averages broke (-0.3% w/w S&P500). Still market indices remain in confirmed uptrend. Technology-based infrastructure names slumped as highly extended plays saw steep losses. But some technology related plays saw sharp gains such as Intel (INTC) soaring another +20.0% (and following +22.8% the prior week on speculation that Apple may make an investment and a WSJ report that Intel has also approached Taiwan Semiconductor Manufacturing (TSM). Marvell (MRVL) surged another 12% last week after +10.3% the prior week. In addition, Nvidia (NVDA) announced plans to invest $100B in OpenAI which boosted Oracle (ORCL) early in the week since its outlook is tied to OpenAI for ORCL to reverse lower and finish the week substantially lower (-8.2%). Overall, performance mixed across sectors with Energy (XLE, +3.9%) leading, Technology (XLK, -0.03%) flat, and risk lagging as exemplified by the pull back in the Innovator IBD ETF 50 (FFTY, -4.02%). The US 10 year ended up rising 5bps w/w, to 4.18% despite the rate cut. S&P500 futures up +0.2%, Dow Jones futures up +0.1%, and Nasdaq futures up +0.25% Sunday night.

Performance Summary: The pullback looked normal and natural last week. Market indices remain in confirmed uptrend and all three of the major averages closed slightly above the 10day moving average. The moving averages remain stacked in normal relationships with the 10dma >21ema >50dma >200dma. Fed speeches during the week showed divergent views on Fed policy with some arguing Fed policy is too restrictive and others arguing the opposite as Final GDP SAAR Q/Q came in at +3.8% revised up from +3.3%. The Y/Y GDP for Q2 came in at +2.1%, in line. Inflation figures met expectations with core PCE m/m for August was 0.23% vs 0.20% expected and Y/Y was +2.9%, in line. Headline PCE was +0.60% vs +0.45% expected. Initial jobless claims came in at 218k vs 235k expected and continuing claims were 1,926k vs 1,938k expected. More sentiment out once again that investment in AI is in a bubble and may have weighed on technology-related infrastructure stocks last week. Spending on AI Is at Epic Levels. Will It Ever Pay Off? - WSJ.

As mentioned above, sectors mixed. Overall, performance mixed across sectors with **Energy (XLE, +3.9%)** leading, **Technology (XLK, -0.03%)** flat, and risk lagging as exemplified by the pull back in the **Innovator IBD ETF 50 (FFTY, -4.02%). Semiconductors (SMH, +1.9%)** showed strength as Software sagged (IGV, -2.2%). Some of the pullback this week was blamed on US pensions projected to sell $22B at month end which is in the 92nd percentile since 2000 and 89th percentile based on monthly estimates for the last 3 years. The **Magnificent Seven (MAGS, -1.0%)** fell with **Apple (AAPL, +4.9%) and Tesla (TSLA, +3.4%) offset by weakness in Amazon (AMZN, -5.0%) and Meta Platforms (META, -4.45%). ARK Innovation (ARKK, -2.2%) and Innovator IBD 50 (FFTY, -4.0%) gave up part**

of their prior week gains. Pipelines were very strong (+3.4%) led by **Williams (WMB, +6.5%) and Targa Resources (TRGP, +5.9%) along with Industrial Infrastructure (+2.1%) lead by Quanta (PWR, +4.3%).** Notable movers on the week were **Marvell Technology (MRVL, +12.0%), which was on top of a +10% gain the prior week as the CEO explained in greater detail why the company believes its guidance outlook is conservative. Uranium producers also showed more strength such as Energy Fuels (UUUU, +12.4%). But some previous big winners year-to-date such as Credo Technologies (CRDO, -15.7%) was hit by profit taking as it is still up triple digits despite the big pull back and Micron Technology (MU, -3.3%) fell despite the huge beat and raise on its results.**

Key events for the week ahead: Fed speeches Monday and Tuesday. JOLTS Job openings with consensus 7.1M and Consumer Confidence on Tuesday. ISM manufacturing (49.4 expected) Wednesday, jobless claims Thursday. Government funding is due to expire September 30. A spending bill must be passed by Congress before October 1 to stop a government shutdown.

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	6,643.70	+0.59%	-0.31%
S&P500 eq wt	188.57	+0.99%	-0.34%
Nasdaq Composite	22,484.07	+0.44%	-0.65%
Dow Jones Industrial Avg.	46,247.29	+0.65%	-0.79%
US 10 year	4.13%		+5bp

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.” There has been more debates about whether the market is entering a bubble. Really good article on that topic here: Are AI Stocks In A Bubble? Here's What The Data Says. | Investor's Business Daily. But as Nancy Tengler, CEO and CIO at Laffer Tengler Investments points out in the article linked above, it is that valuation measures are not very useful when there are major technological innovations impacting the economy. According to the article the average bull market lasts 59 months and delivers a return of 178% and that compares with the current bull market being 34 months old and has returned 81%. But the 1990s internet boom delivered a gain of 420% over 120 months. But this time around there are more changes on the horizon: AI, robotics, quantum computing, electric vehicles, space. Another point to keep in mind is that the Nasdaq tripled from the price it reached after the first 700 days of the 1990s bull market. And despite more technological change, the current bull market is underperforming the 2h 1990s bull market with a return of 75% after 700days ending 17Sept currently vs 103% for the 1990s first 700 days. Furthermore, the 1990s boom had many companies with nothing more than a website ending in “.com” while this time around the AI leaders are mega cap companies that are highly profitable and are funding investments out of free cash flow. Further market breadth is broader in 2025 than it was in 1999 with 58% of stocks higher in 2025 versus more than half being lower in 1999 according to databases from Investor’s Business Daily. Nonetheless, concentration risk is real as just 10 stocks comprise over 40% of the weighting in the S&P500.

Source: MARKETSURGE BY INVESTOR'S BUSINESS DAILY

Bottom line, looking ahead the AI build out is not likely to go away any time soon with years yet to run.

This Past week bull-bear debate:

Bulls: Nvidia jumped 4% on Monday on plans to invest $100B in OpenAI and **Alibaba** announced plans to invest more than the $50B in AI that it had previously guided. Apple outperforming regarding strong demand for its new iPHone 17 model and reports that the company asked suppliers to raise entry level iPhone 17 by 30-40%. Initial jobless claims fell to lowest levels in 2 months, falling by 50k and helping to dampen fears on labor market deterioration. Q2 GDP growth was revised higher by 0.5pp, to +3.8% on stronger consumption growth. New home sales were well above expectations in August boosting Q3 GDP estimates which are now at 3.9% GDPNow - GDPNow - Federal Reserve Bank of Atlanta. While core PCE held at 2.9% inline with expectations, strip out the volatile components and services inflation slowed to just 1.1% annualized.

Bears: Fed easing expectations lower on strong economic data with odds of 2 more rate cuts dropping to 65% from 78% in just a week. AI trade getting tougher as **Micron Technology (MU)** stock fell despite 30% q/q growth in HBM revenue to $8B run rate and **Jabil (JBL)** sold off despite 60% growth in intelligent infrastructure (AI). Circularity concerns have emerged regarding the Nvidia announcement regarding investing $100B into OpenAI. **CarMax (KMX)** sold off (-23.2% w/w) as investors focused on the pull-forward of demand earlier in the year, raising slow-down concerns on US economic growth. While flash PMI in line off the services mix was soft in new business and employment. The number of companies able to pass through higher tariffs has fallen. Trade still a risk as Trump announced 25% tariffs on heavy trucks, 50% tariffs on household items, 30% tariffs on upholstered furniture and 100% on branded drugs. Softer holiday sales expected with seasonal retail hiring expectations at lowest level since 2009. Government shutdown odds ratcheting higher with White House threatening mass federal government layoffs if congress fails to pass a budget.   Rising geopolitical tensions with the war in Ukraine and Trump expressing his disappointment with Putin.

The week ahead: Earnings reports are scarce with Tesla's quarterly delivery report due Thursday with a few earnings reports of consequences from Nike, Carnival, and Levi Strauss. Labor market in focus this week.

Upcoming economic events/earnings:

9/29 Pending Homes Sales, Dallas Fed Index, NY Fed speech

9/30 JOLTS Job Openings: 7.175M expected, Case-Shiller Home Price Index: +1.7% y/y expected.

10/1   ISM Manufacturing for Sept: 49.4 expected vs 48.7 for August, Construction Spending for Aug: +0.1% expected.

10/2 Initial jobless claims for W/E 9/27: 222k expected. Continuing jobless claims for W/E 9/20: 1,937k expected. Factory orders for Aug: +0.7% m/m expected.

10/3 Nonfarm payrolls for Sep: +54k expected vs 22k for Aug. Private Non-farm payrolls for Sep: 68.5K vs 38k in Aug. ISM Services PMI for Sep: 51,8 expected vs 52.0 Aug.

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 9/26/2025 every condition has been met.

Make it a good week,

John D. Edwards, CFA

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