

Tactical Market Update

One step away from new records

A look at potential catalysts for movement in the coming week

The S&P 500 is close to new all-time highs. Since the start of the year, the market has shown impressive resilience, shrugging off tariff threats and inflation risks — each dip has been short-lived. Potential factors that could support a further rally include optimism in the AI sector, easing geopolitical risks, stable US economic growth, and normalization of long-term interest rates.

Among the corporate reports this week, we can highlight Walmart (WMT), Booking Holdings (BKNG), Arista Networks (ANET), Carvana (CVNA) and Block (XYZ). We also look to results from Alibaba (BABA), whose shares hit a two-year high last week. Other Chinese stocks to report include Baidu (BIDU) and NetEase (NTES). The Hang Seng has grown more than 12% year-to-date, driven by less stringent than expected tariff measures from the US and the success of AI startup DeepSeek.

Donald Trump's aggressive domestic and foreign policy actions will keep volatility high. In addition, US and Russian officials are preparing to meet in Saudi Arabia this week. Increased hopes for a ceasefire in Ukraine are a major factor for markets.

S&P Preliminary PMI. Global Industrial and Services for February. Scheduled speeches by a number of Fed officials (Patrick Harker, Michelle Bowman, Christopher Waller, Mary Daly, etc.) may increase market volatility.

The S&P 500 could move in the 6000-6270 range.

Monday - February 17

- US stock exchanges are closed in observance of Presidents' Day.

Tuesday - February 18

- Quarterly results: ANET, OXY, EQT, MDT, BIDU

Wednesday - February 19

- Housing market statistics. New home building permits could fall by 1.5% m/m in January, while housing starts could fall by 6.8% m/m. The data play an important role in predicting the investment component of GDP.
- Release of the Federal Reserve's meeting minutes (January 29, 2025). The release is unlikely to contain any new information for market participants.
- Quarterly results: CVNA, ETSY, WIX, TOST, ADI, TECK, VALE.

Thursday - February 20

- Quarterly results: WMT, BABA, BKNG, MELI, NTES, XYZ, RIVN, U, NEM.

Friday - February 21

- S&P Global PMI (preliminary). Manufacturing is picking up, and the PMI could reach 51. We also expect the services PMI to improve to 54.5 after falling to 52.9 in January. These data could confirm that the economy is maintaining a sustainable growth trajectory.
- University of Michigan Consumer Sentiment Index: The consensus forecast is that the index will likely remain at 67.8. The focus will be on the annual inflation expectations component, which rose unexpectedly to 4.3% earlier, causing investor concern. It will be interesting to see if there is a correction.

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Events overview

- Last week, the S&P 500 rose 1.5%, while the Nasdaq rose 2.6%. However, the rally was narrow, as evidenced by the underperformance of the equally weighted S&P 500 (+0.5%) and the Russell 2000 (+0.01%).
- Technology sector (XLK ETF) outperformed the broader market.** The news was again dominated by optimism associated with the plans of corporations and individual countries to develop AI technologies. In particular, the growth driver for Apple (AAPL) shares was news about the agreement with Alibaba (BABA) regarding the integration of its AI models into iPhones for the Chinese market. At the same time, plans to attract 200 billion euros for investment in AI were announced at the specialized summit in Paris.
- The main event of the macroeconomic calendar was the release of the consumer price index.** The statistics for January significantly exceeded average expectations. The overall indicator increased by 0.47% m/m, and the core CPI by 0.45% m/m, while in both cases growth of 0.3% was expected. These data worried investors, although they did not cause a large-scale sell-off in stocks. The overall PPI industrial inflation index for January increased by 0.4% against the consensus of 0.2%, but the core index added 0.3% in line with expectations. Retail sales in January fell more than expected – by 0.9% m/m. However, this decline is partly explained by unusually cold weather, which could have affected sales of cars and building materials.
- Fed Chairman Jerome Powell's two-day testimony to Congress was largely uneventful.** He said the regulator was in no rush to cut rates because the risks looked balanced. Investors continue to expect one rate cut this year.
- Geopolitical optimism supported the sentiment.** The first telephone conversations between Donald Trump and Vladimir Putin since 2020 included the topic of a Ukrainian settlement. The leaders of the United States and Russia agreed to cooperate closely.
- The actions of the new White House administration remain in the spotlight of market participants.** President Donald Trump signed an order to introduce import duties for a wide range of countries – economic partners after April 2. Stock markets may view the effective date of these measures as positive, since there is a chance that after negotiations between Washington and each of these countries, the restrictions will be lifted or at least relaxed. It is noted that the US will consider VAT, subsidies, regulation or currency interventions as equivalent to duties. All this indicates the use of negotiating tactics that may lead to softer consequences than expected.
- The situation in terms of factors since the beginning of the year looks clear – “momentum” (MTUM) is in the lead ETF.** High activity of private investors leads to the fact that the upward trend in individual stocks “supports itself”. Meanwhile, small-cap stocks lag behind the broad market (a significant deterioration in dynamics has been observed since the beginning of February).
- About 77% of S&P 500 corporations have reported their quarterly results, and the overall earnings growth stats continue to pleasantly surprise.** According to FactSet, the expected EPS growth rate was raised to 16.8% y/y from 16.4% the week before.

Key Corporate Stories

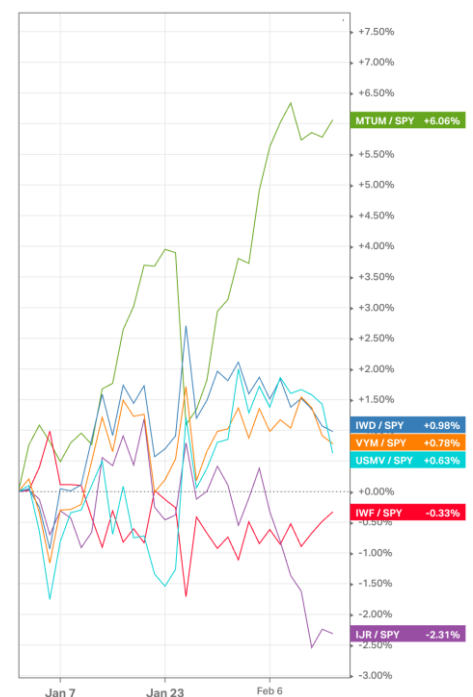
- Solid reports in the consumer sector: **DoorDash (DASH)** beat revenue expectations, **Coca-Cola (KO)** showed solid demand, **McDonald's (MCD)** provided a positive outlook for 2025.
- Airbnb (ABNB)** saw fourth-quarter net profit double from a loss a year earlier. Shares are up 20% in a week.
- Financial indicators **Datadog (DDOG)** beat consensus, but Q1 and full-year 2025 guidance fell below market guidance.
- According to media reports, **Dell Technologies (DELL)** is set to strike a \$5 billion deal with Elon Musk's xAI to supply AI servers.
- Among tech companies, **Astera Labs (ALAB)** has shown significant movement, down more than 13% for the week, and **AppLovin (APP)**, up 36%.

Sector Dynamics Last Week



Source: Koyfin

Dynamics of factors since the beginning of the year



Source: Koyfin

Technical analysis

The S&P 500 has approached the area of historical maximums. The technical picture has improved, as have the internal characteristics of the rally. A breakout and consolidation of the benchmark above 6125 points will be a positive sign. The RSI indicator has switched to the bulls' side. We expect the upward bias to continue in the coming sessions. The level of 6270 points can be considered as a possible target for the upward movement.



Technical Signals

Signal	Ticker
Long MA Breakout	ORCL, PARA, SCHW, GM, SBUX, DIS, WDC, TSCO, PM, BAX, ICE, IVZ, AMGN, BX, EMR, CTSH, WELL, VTR, NDAQ, ETN, LOW, LIN, MMC, PPG, TEL, BLDR, SWK, FMC, COO, MAR, ADSK, AME, TT, XYL, NSC, PFG, AON, CHRW, NOC, DOV, MSI, VMC, URI, ROK, NWS, PH, EPAM, STE, HUBB, ORLY
Short MA Breakout	OXY
Three White Soldiers	ICE
Three Black Crows	-
Top-10 High RSI	JBL, MMM, STX, BSX, TPR, EQT, GLW, TDY, C, CEG
Top-10 Low RSI	EA, EIX, STZ, MNST, LVS, VTRS, HSY, FICO, AAPL, PCG

All tickers in the rows are sorted by average trading volume in descending order, except for the Top-10 High RSI and Top-10 Low RSI rows, where the ranking is in descending and ascending order of the RSI indicator value(respectively).

Source: FactSet, Freedom Broker calculations.

The signals and indicators provided in the material should not be regarded as a call to action or an investment idea, and it is also not recommended to use them in trading in isolation from other factors that have developed in the economy, on the market and in the dynamics of the stock.

Description of Technical Signals

- **MA Breakout(long/short):** A buy signal is generated when a stock's price crosses above its 50-day moving average(50MA) from below, while a shorter moving average(20MA) remains below the 50MA. For short positions, the opposite scenario is considered. Stocks in this category are suitable for short-term trading, provided that the broader technical picture and investment context are favorable. Common moving average strategies like the Golden Cross are more suited for medium- to long-term trading, whereas this signal is designed to identify local wave, corrective, or reversal movements. If the price crossed the moving average earlier in the week, and this is the first signal in the past 20 trading days, the stock will only be included in the list if it remains above the 50MA at the time of publication.
- **Three White Soldiers/Three Black Crows.** This technical signal is based on a wellknown pattern. Three White Soldiers(3WS) is formed when three consecutive trading days show green, full-bodied candles(the delta between open and close is at least 70% of the delta between high and low) with positive closing dynamics. The opposite situation defines the Three Black Crows(3BC) signal. This pattern is used to identify potential reversal points in a trend, and it's recommended to combine it with other indicators like the RSI or volume profile for confirmation.
- **Top-10 High RSI\Low RSI.** These indicators are built on the Relative Strength Index(RSI)—a momentum oscillator used to measure the speed and direction of price movements. The RSI ranges from 0 to 100. The Top-10 High RSI group includes 10 tickers from the S&P 500 with the highest RSI values(14-period), while the Top-10 Low RSI group includes those with the lowest RSI values.

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