

ENGINEERING THE MARKETS:

PRECISION, PATTERNS, & PROFITABILITY

**Cautiously Re-entering the
Market Using a Measured Approach**

April 29, 2025



POWERED BY:



by TERRY LONG

TRADINGANALYSIS.COM

Cautiously Re-entering the Market Using a Measured Approach

Code	Last	%Chg
SPX	5,525.21	4.59%
NDY	19,432.56	6.43%
IWM	194.12	4.10%

Last week saw all three major indices making a solid recovery with the SPX up 4.59% for the week, the Tech-heavy NDX gained 6.43%, and the Small Caps (as proxied by the IWM ETF) rose 4.10%

Code	Last	%Chg
XLK	208.47	8.09%
XLY	197.60	6.58%
XLC	94.36	4.60%
XLI	129.01	2.96%
XLF	48.02	2.94%
XLB	82.62	2.32%
XLV	138.05	1.89%
XLE	82.39	1.09%
XLU	78.21	0.57%
XLRE	40.53	0.20%
XLP	80.84	-1.26%

The Technology Sector made the largest comeback move, up 8.09% on the week. Consumer Discretionary rallied 6.58%. Communications rose 4.60%, just slightly ahead of the benchmark SPX. All other sectors except Staples were in the green, though they were well below those technology moves.

Are investors ready to pile back into stocks now? Our thoughts are more inclined to take a cautious but moderate step back into trading.

The decision to reinvest capital after a period of inactivity presents a complex interplay of anticipation and anxiety. While the potential for renewed growth and participation in market gains is alluring, the fear of mistiming entry and incurring losses can be equally potent.

The inherent challenge of accurately predicting market bottoms underscores the limitations of relying on perfect timing as a primary investment strategy. A more prudent and sustainable approach emphasizes a systematic methodology that incorporates careful risk assessment and gradual redeployment of capital. This stands in contrast to the potentially volatile outcomes associated with attempting to precisely identify and capitalize on market troughs.

A well-defined strategy mitigates the emotional biases that often accompany investment decisions, fostering a more disciplined and ultimately more effective path to long-term capital appreciation.

Start with a Clear Plan

Before deploying a single dollar, establish:

- ✓ Your time horizon (short, medium, long-term goals)
- ✓ Risk tolerance (how much volatility can you genuinely handle?)
- ✓ Target allocation (what percentage of your portfolio should ultimately be in equities)

Dollar-Cost Averaging: Your Best Friend

Before deploying a single dollar, establish:

- ✓ Dividing your sidelined cash into equal portions
- ✓ Investing at regular intervals (weekly, monthly, quarterly)
- ✓ Committing to the schedule regardless of market conditions

This approach reduces the risk of unfortunate timing and psychological stress.

Begin with Quality and Income

High-quality dividend payers can offer a more comfortable re-entry point. From our screener data, consider:

Company	Dividend Yield	Financial Health	Fair Value Upside	Analysis
Cal-Maine Foods (NASDAQ:CALM)	14.9%	Good	20.5%	Strong yield with no debt
AllianceBernstein (NYSE:AB)	11.1%	Good	34.7%	Substantial upside with solid yield
Altria Group (NYSE:MO)	6.9%	Good	13.3%	Stable but high debt ratio

These dividend payers can provide income while you wait for potential appreciation, creating a psychological cushion during volatility.

Diversification: Don't Put All Eggs in One Basket

As you re-enter:

- ✓ Spread investments across sectors
- ✓ Consider different asset classes (large-cap, mid-cap, international)
- ✓ Include some defensive positions alongside growth opportunities

Risk Management Through Position Sizing

- ✓ Start with smaller position sizes than your ultimate target
- ✓ For higher-risk positions, consider using half your normal allocation
- ✓ Allow successful positions to grow naturally while keeping initial investments modest

Use Market Volatility to Your Advantage

- ✓ Keep some powder dry for market pullbacks
- ✓ Set price targets for quality companies you want to own
- ✓ Consider writing put options at prices you'd be willing to buy (for advanced investors)

Psychological Preparation is Key

The market rarely provides a smooth ride, so:

- ✓ Expect volatility and prepare for it mentally
- ✓ Decide in advance how you'll respond to different market scenarios
- ✓ Focus on your long-term plan rather than daily market noise

Remember that the goal isn't to time the market perfectly but to build positions in quality companies at reasonable valuations methodically.
















As Warren Buffett says,

"The stock market is a device for transferring money from the impatient to the patient."



Economic Calendar

This week's most important data will focus on PCE, the Fed's preferred inflation gauge, and Nonfarm Payrolls

Time	Cur.	Imp.	Event	Actual	Forecast	Previous
Tuesday, April 29, 2025						
09:00	 USD	★ ★ ★	CB Consumer Confidence (Apr)		87.4	92.9
09:00	 USD	★ ★ ★	JOLTS Job Openings (Mar)		7.480M	7.568M
Wednesday, April 30, 2025						
07:15	 USD	★ ★ ★	ADP Nonfarm Employment Change (Apr)		123K	155K
07:30	 USD	★ ★ ★	GDP (QoQ) (Q1) P		0.4%	2.4%
08:45	 USD	★ ★ ★	Chicago PMI (Apr)		45.9	47.6
09:00	 USD	★ ★ ★	Core PCE Price Index (YoY) (Mar)			2.8%
09:00	 USD	★ ★ ★	Core PCE Price Index (MoM) (Mar)		0.1%	0.4%
09:30	 USD	★ ★ ★	Crude Oil Inventories			0.244M
Thursday, May 1, 2025						
07:30	 USD	★ ★ ★	Initial Jobless Claims		224K	222K
08:45	 USD	★ ★ ★	S&P Global Manufacturing PMI (Apr)		50.7	50.2
09:00	 USD	★ ★ ★	ISM Manufacturing PMI (Apr)		48.0	49.0
09:00	 USD	★ ★ ★	ISM Manufacturing Prices (Apr)		72.9	69.4
Friday, May 2, 2025						
07:30	 USD	★ ★ ★	Average Hourly Earnings (MoM) (Apr)		0.3%	0.3%
07:30	 USD	★ ★ ★	Nonfarm Payrolls (Apr)		129K	228K
07:30	 USD	★ ★ ★	Unemployment Rate (Apr)		4.2%	4.2%

The Core Personal Consumption Expenditure (PCE) Prices release measures the changes in the price of goods and services purchased by consumers for the purpose of consumption, excluding food and energy. Prices are weighted according to total expenditure per item. It measures price change from the perspective of the consumer. It is a key way to measure changes in purchasing trends and inflation.

A higher-than-expected reading should be taken as positive/bullish for the USD, while a lower-than-expected reading should be taken as negative/bearish for the USD.

Earnings Calendar

This will be the busiest week of Earnings Season:

- ✓ Before the Open on Tuesday: **UPS, KO, RCL, SPOT**
- ✓ After the Close on Tuesday: **V, SBUX, SNAP**
- ✓ Before the Open on Wednesday: **CAT, VMC**
- ✓ After the Close on Wednesday: **MSFT, META, HOOD, QCOM**
- ✓ Before the Open on Thursday: **LLY, MA, MCD**
- ✓ After the Close on Thursday: **AMZN, AAPL**
- ✓ Before the Open on Friday: **XOM, CVX**



Source: <https://earningswhispers.com/calendar>

United Parcel Service Beat Expectations

Tuesday, April 29, 2025 at 6:00 AM ET

United Parcel Service (UPS) reported earnings of \$1.49 per share on revenue of \$21.55 billion for the first quarter ended March 2025. The consensus earnings estimate was \$1.42 per share on revenue of \$21.06 billion. The Earnings Whisper number was \$1.39 per share. The company beat expectations by 7.19% while revenue fell 0.74% compared to the same quarter a year ago.

United Parcel Service Inc (UPS) is a package delivery organization less-than-truckload industry & provider of supply chain management solutions. It operates in three segments; U.S. Domestic Package, International Package and Supply Chain & Freight.



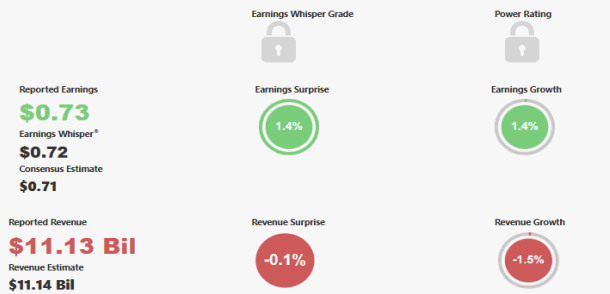
Coca-Cola Beat Expectations

Tuesday, April 29, 2025 at 6:55 AM ET

Coca-Cola (KO) reported earnings of \$0.73 per share on revenue of \$11.13 billion for the first quarter ended March 2025. The consensus earnings estimate was \$0.71 per share on revenue of \$11.14 billion. The Earnings Whisper number was \$0.72 per share. The company beat expectations by 1.39% while revenue fell 1.51% compared to the same quarter a year ago.

The company said it expects 2025 earnings of \$2.94 to \$2.97 per share on revenue of \$48.00 billion to \$48.94 billion. The current consensus earnings estimate is \$2.96 per share on revenue of \$47.99 billion for the year ending December 31, 2025.

Coca-Cola Co manufactures, distributes and markets non-alcoholic beverage concentrates and syrups.



Royal Caribbean Cruises Beat Expectations

Tuesday, April 29, 2025 at 6:30 AM ET

Royal Caribbean Cruises (RCL) reported earnings of \$2.71 per share on revenue of \$4.00 billion for the first quarter ended March 2025. The consensus earnings estimate was \$2.53 per share on revenue of \$4.00 billion. The Earnings Whisper number was \$2.54 per share. The company beat expectations by 6.69% while revenue grew 7.27% on a year-over-year basis.

The company said it expects second quarter earnings of \$4.00 to \$4.10 per share and now expects 2025 earnings of \$14.55 to \$15.55 per share. The company's previous guidance was 2025 earnings of \$14.35 to \$14.65 per share. The current consensus estimate is earnings of \$3.92 per share for the quarter ending June 30, 2025 and earnings of \$14.88 per share for the year ending December 31, 2025.

Royal Caribbean Cruises Ltd operates in cruise vacation industry. It owns five cruise brands, Royal Caribbean International, Celebrity Cruises, Pullmantur, Azamara Club Cruises, and CDF Croisières de France.



Spotify Technology S.A. Missed Expectations

Tuesday, April 29, 2025 at 6:30 AM ET

Spotify Technology S.A. (SPOT) reported earnings of \$1.13 per share on revenue of \$4.41 billion for the first quarter ended March 2025. The consensus earnings estimate was \$2.29 per share on revenue of \$4.41 billion. The Earnings Whisper number was \$2.40 per share. The company missed expectations by 52.92% while revenue grew 11.65% on a year-over-year basis.

The company said in its [earnings presentation](#) it expects second quarter revenue of approximately \$4.89 billion. The current consensus revenue estimate is \$4.97 billion for the quarter ending June 30, 2025.

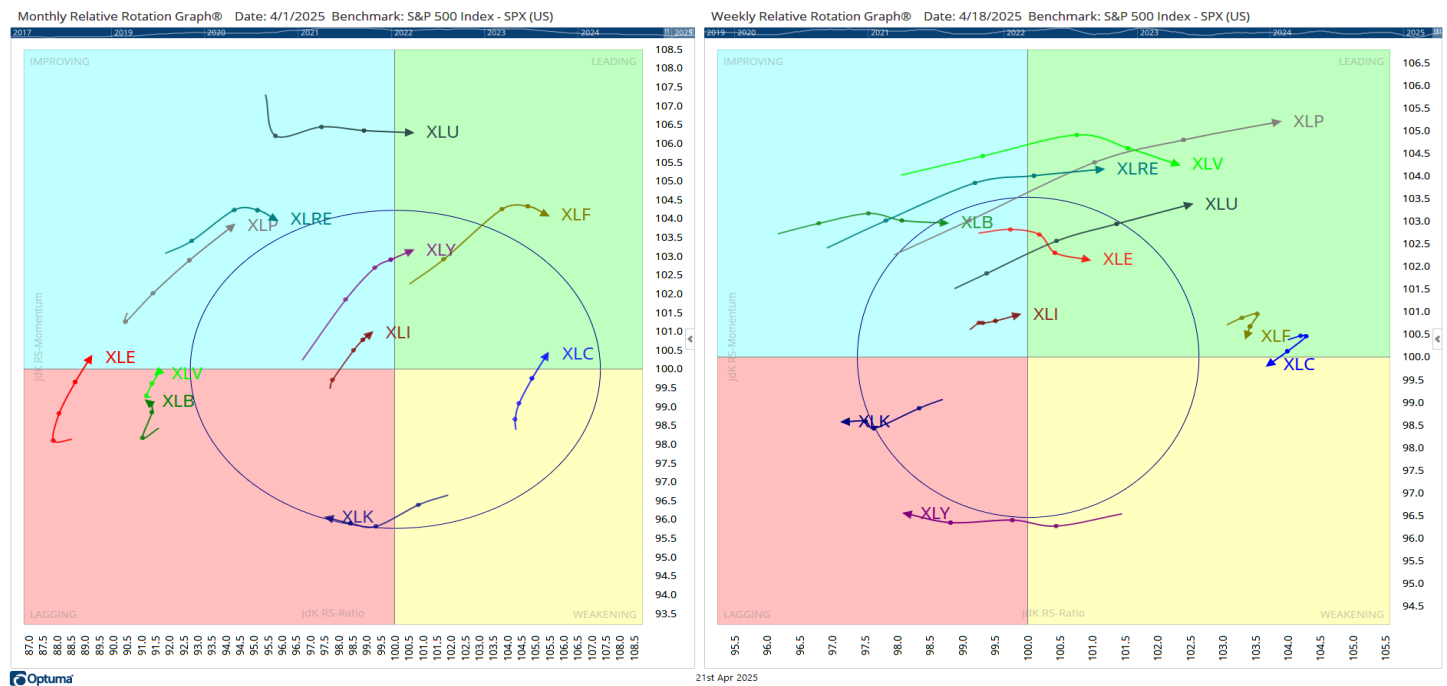
Spotify is the world's most popular audio streaming subscription service with a community of more than 345 million Monthly Active Users and 155 million Premium Subscribers.



Sector Rotation

In the longer-term Monthly RRG, **Financials** has been holding out in the Leading Quadrant, though now it is starting to show a loss of Relative Momentum, a key change in its vector heading. **Communications** has re-emerged into the Leading Quadrant with rising Relative Momentum and currently holds the highest Relative Strength of all Sectors on the Monthly RRG. Both **Utilities** and **Consumer Discretionary** have also entered the Leading Quadrant but with **Discretionary** having a rising vector and **Utilities** having a declining Vector.

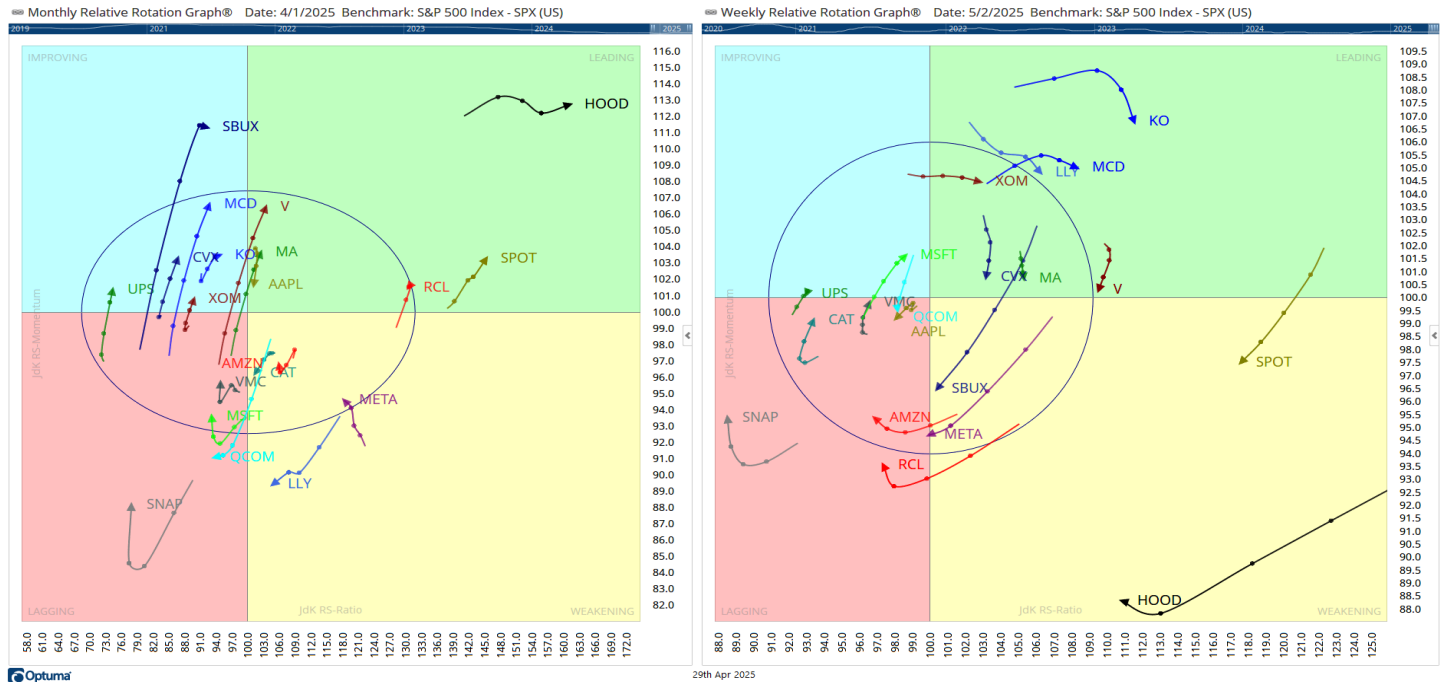
In the shorter-term Weekly RRG, Value Sectors continue to make Relative Strength Gains while Growth Sectors continue to see Relative Strength declines. An early hint of a possible hook reversal formation can be seen in the Discretionary Sector.



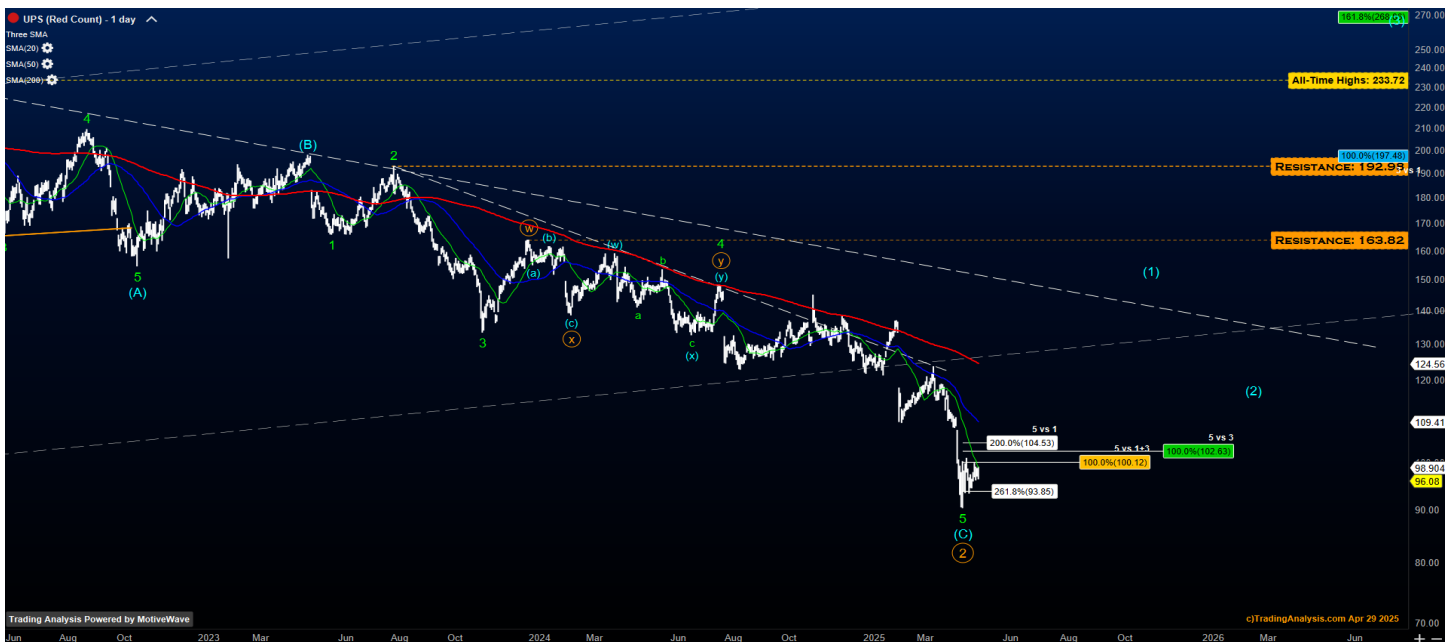
Monthly and Weekly RRG for the selected stocks with Earnings Reports this week

- ✓ UPS, KO, RCL, SPOT
- ✓ V, SBUX, SNAP
- ✓ CAT, VMC
- ✓ MSFT, META, HOOD, QCOM

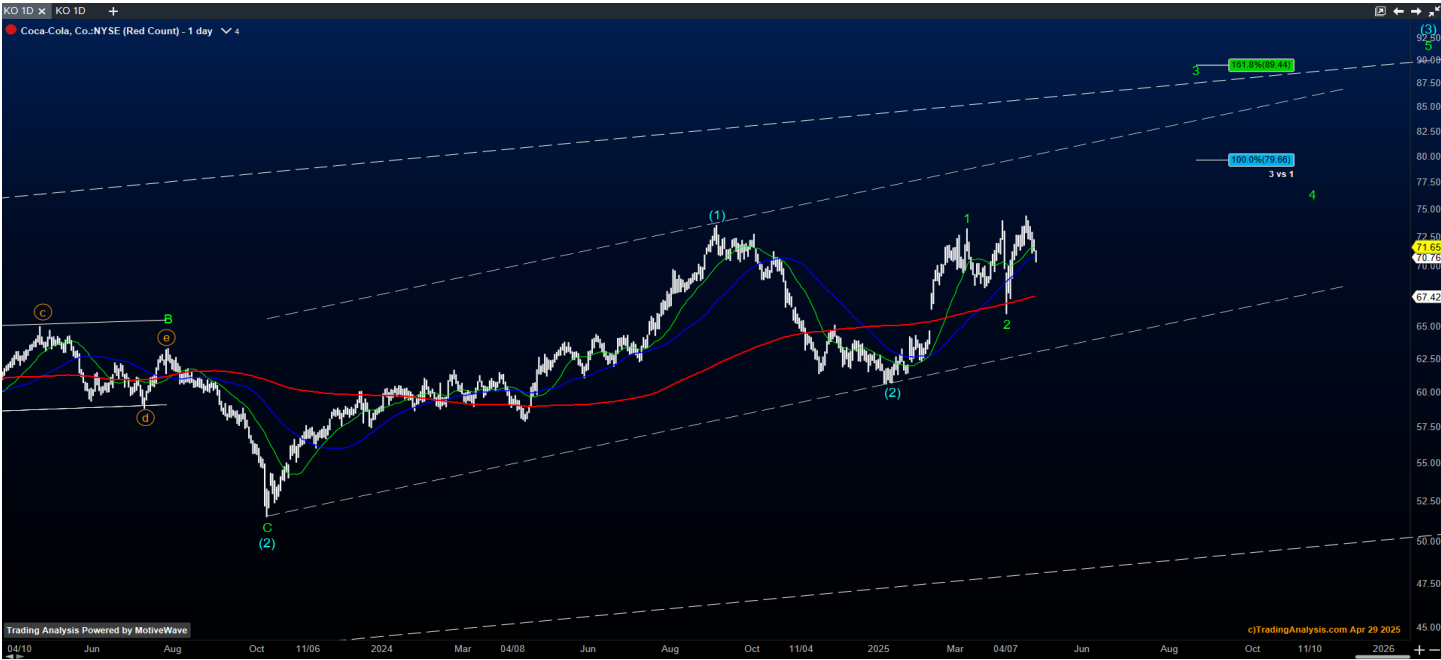
- ✓ LLY, MA, MCD
- ✓ AMZN, AAPL
- ✓ XOM, CVX



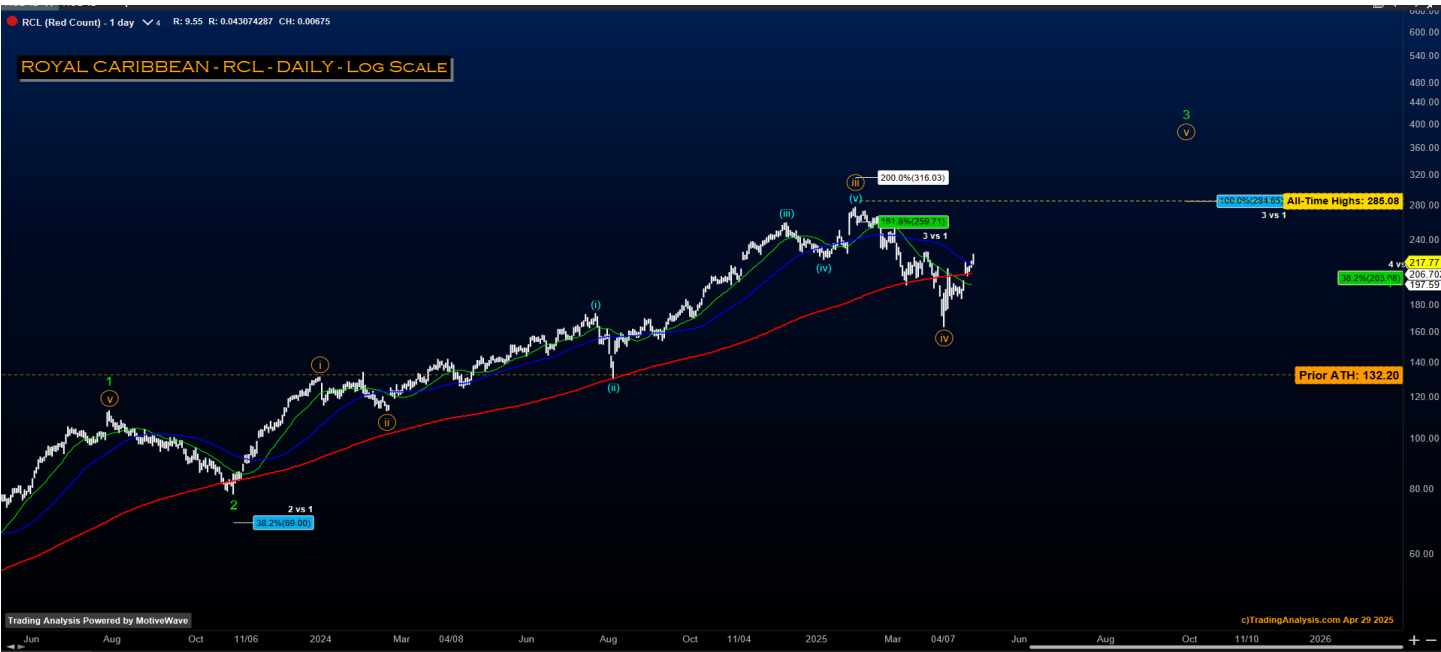
UPS



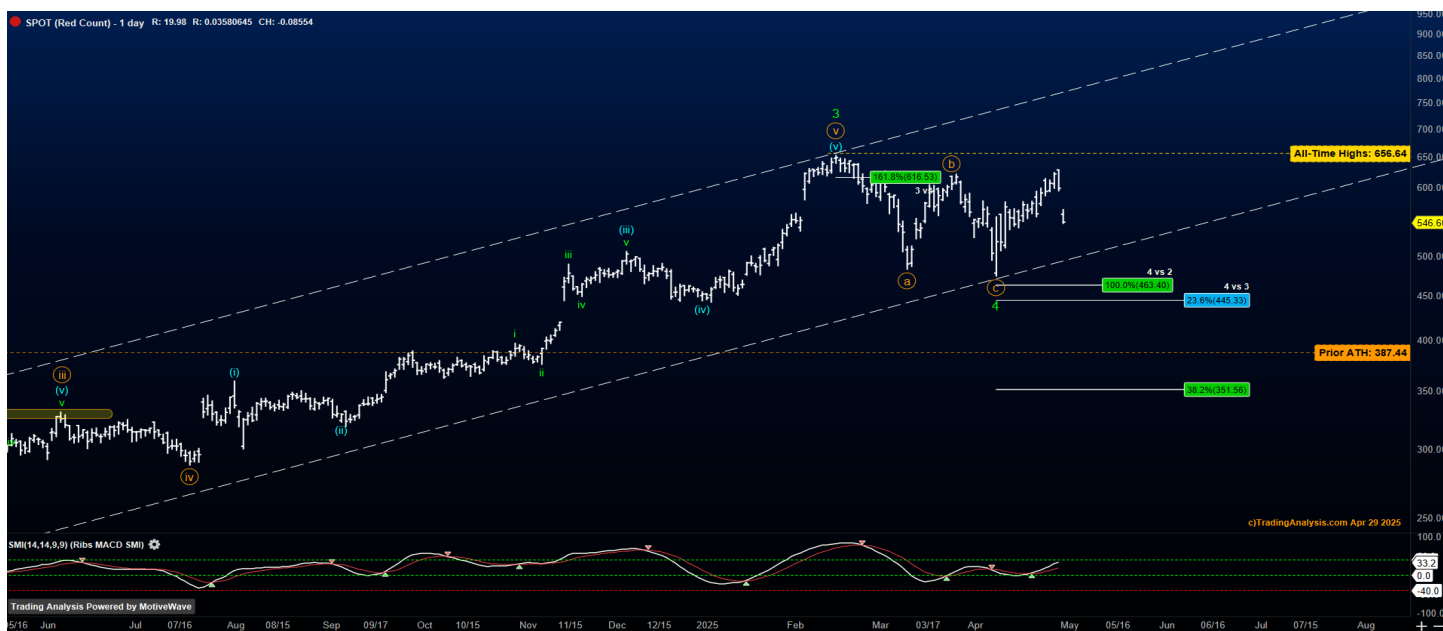
KO



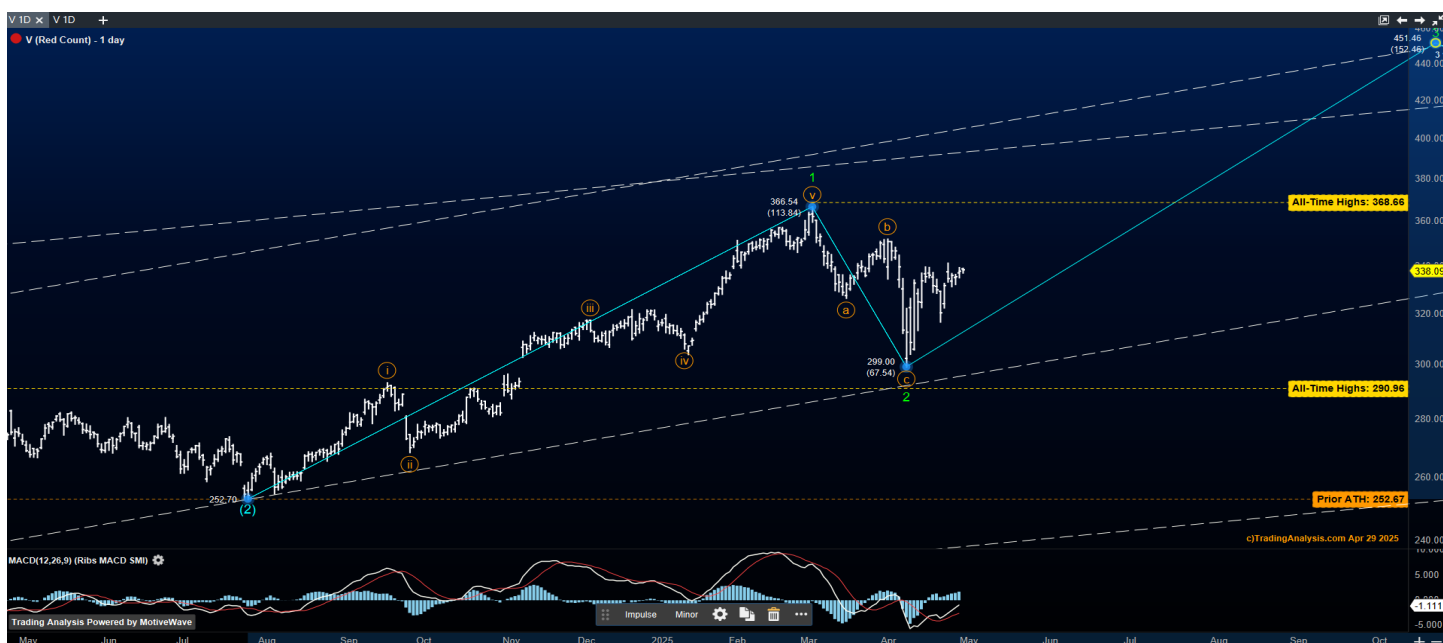
RCL

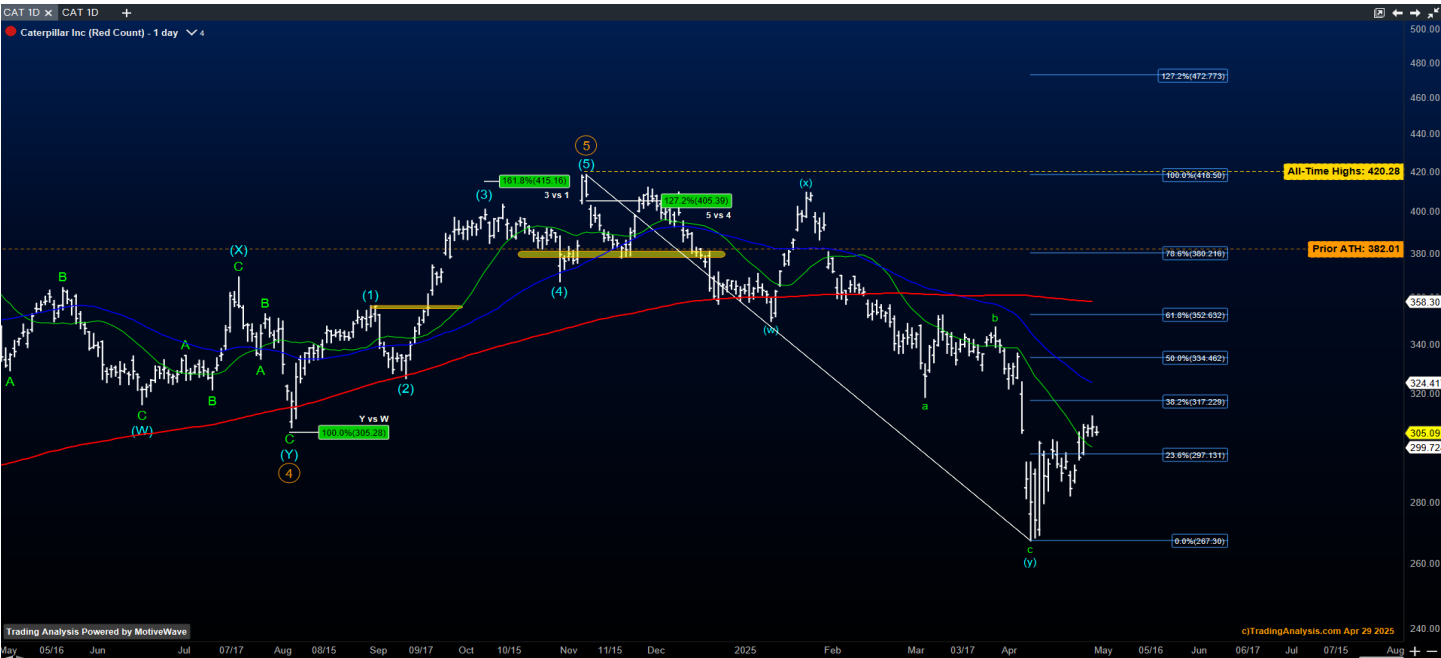
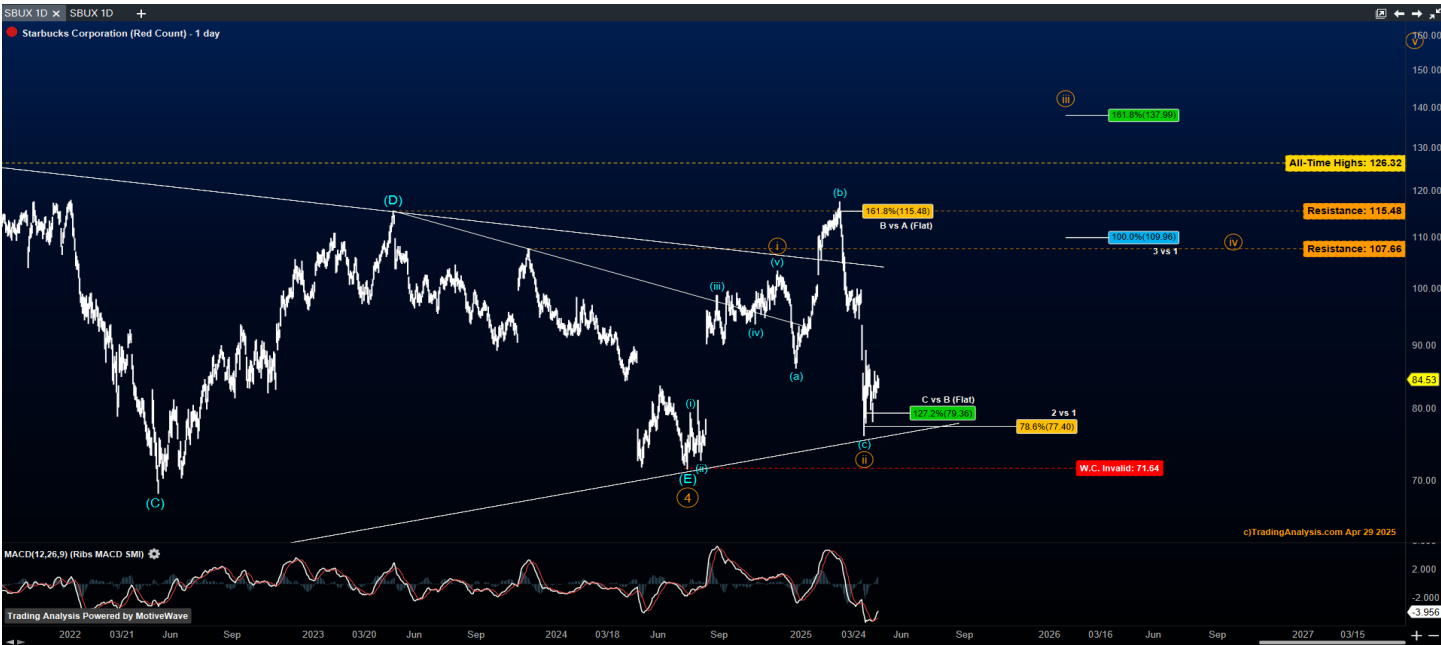


SPOT

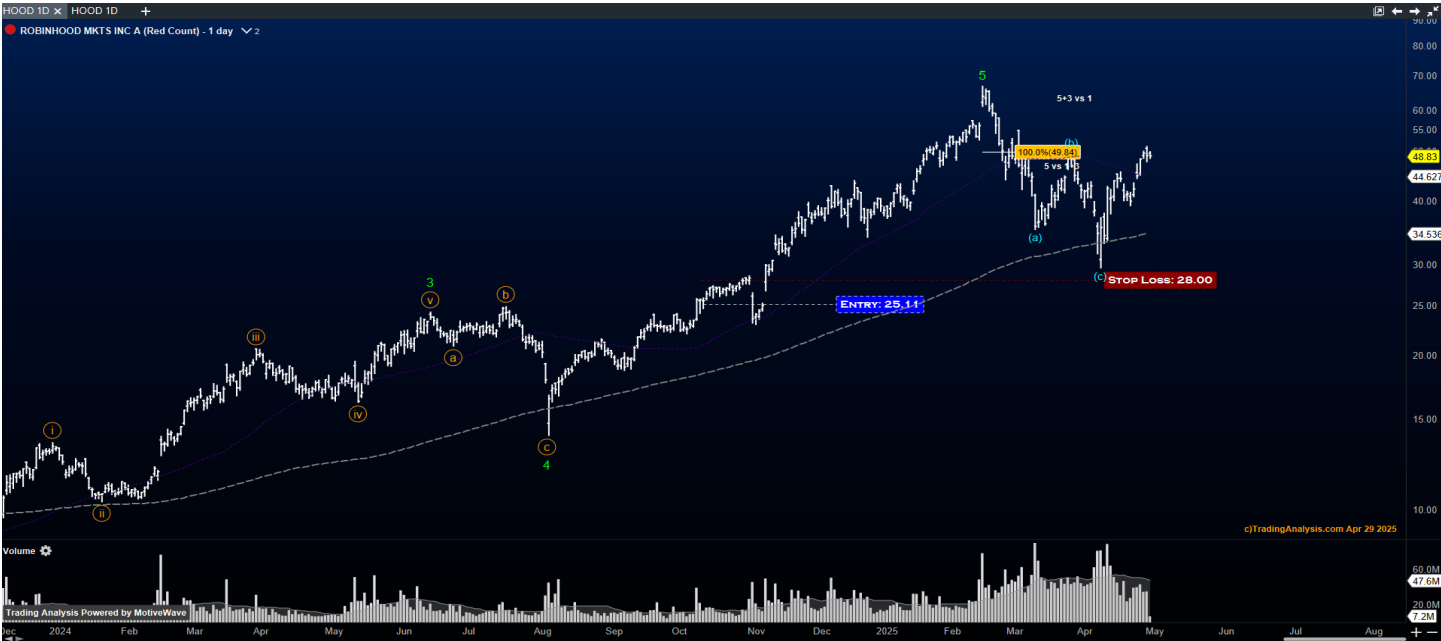


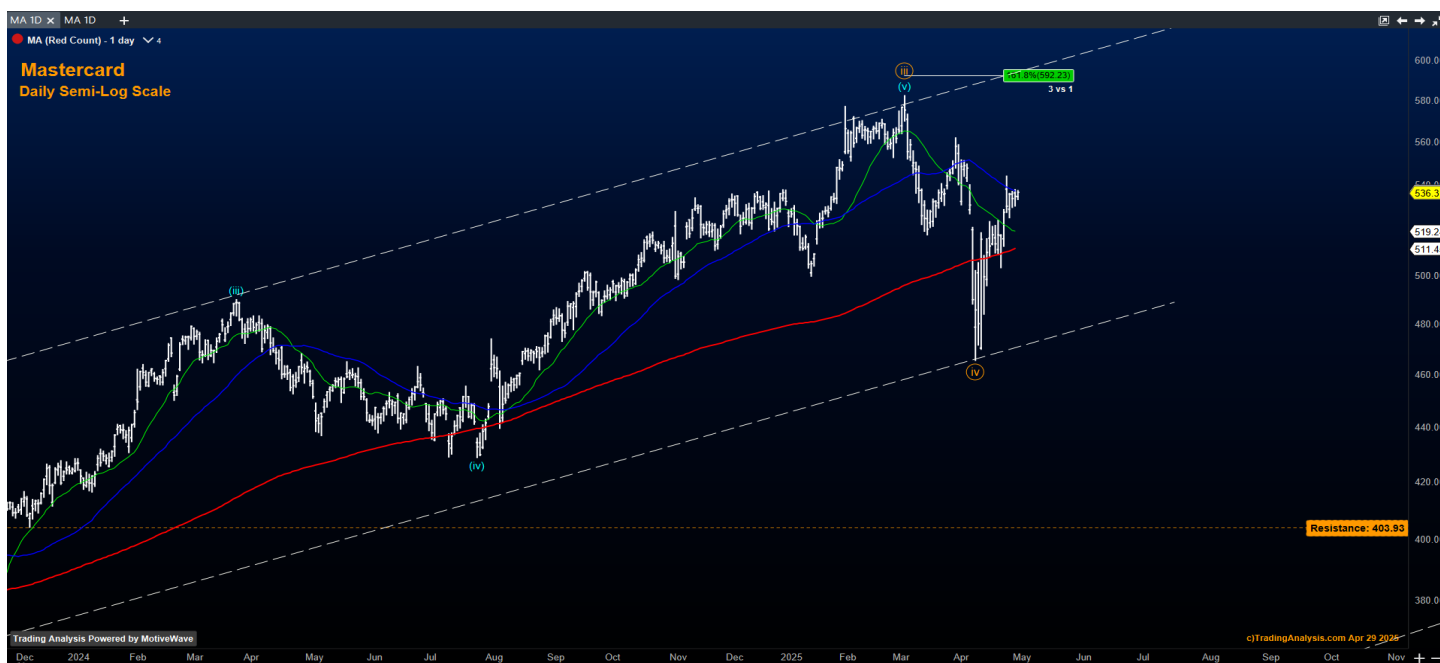
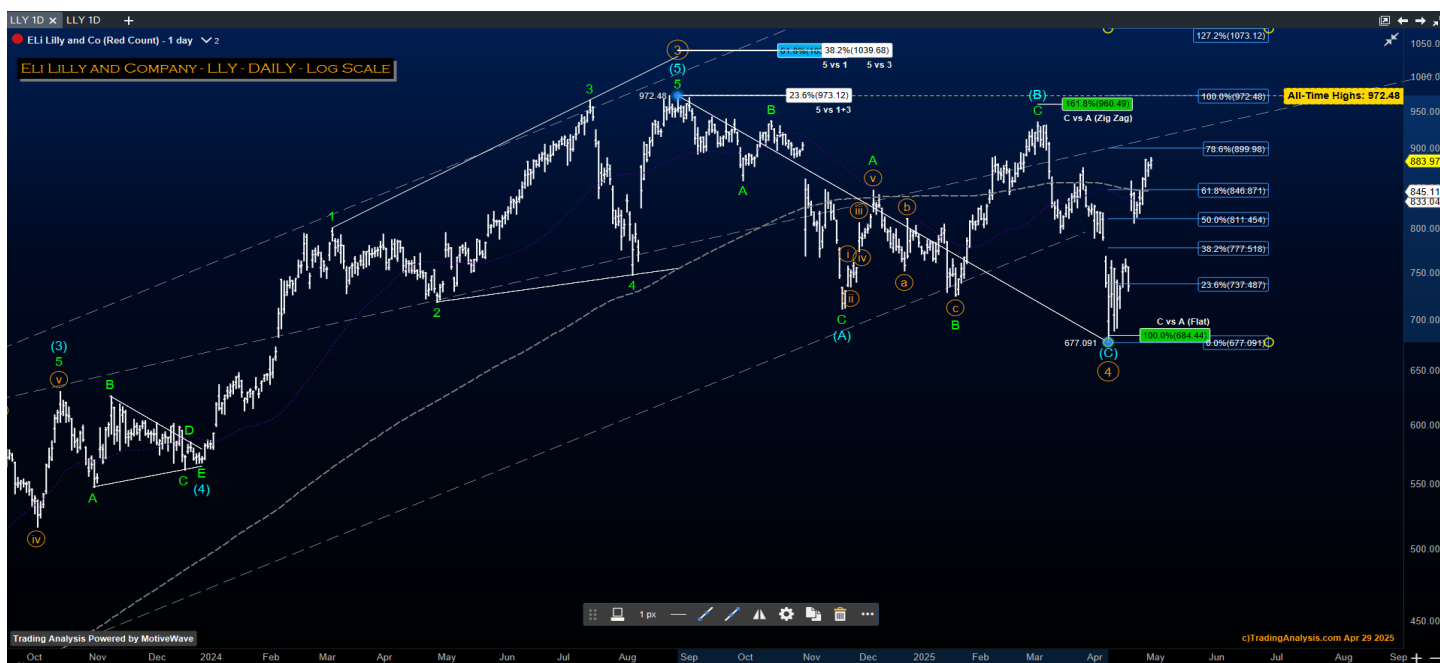
V



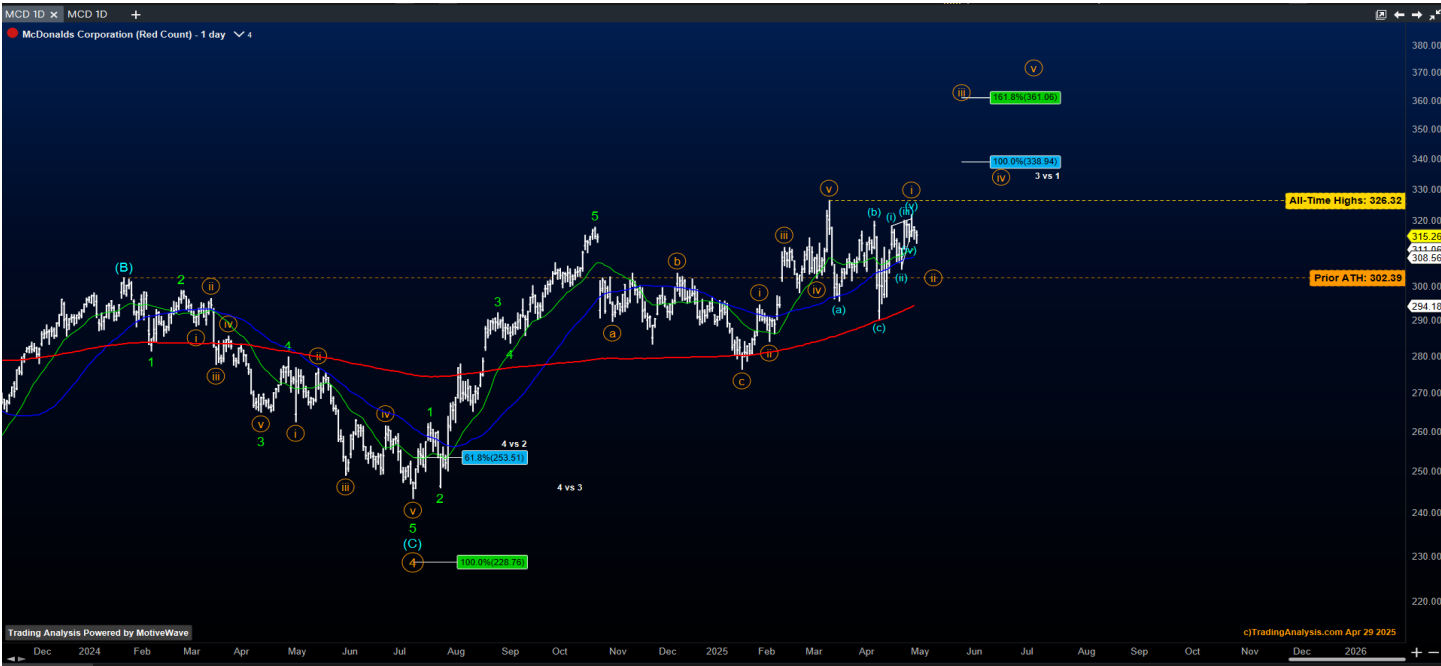


HOOD





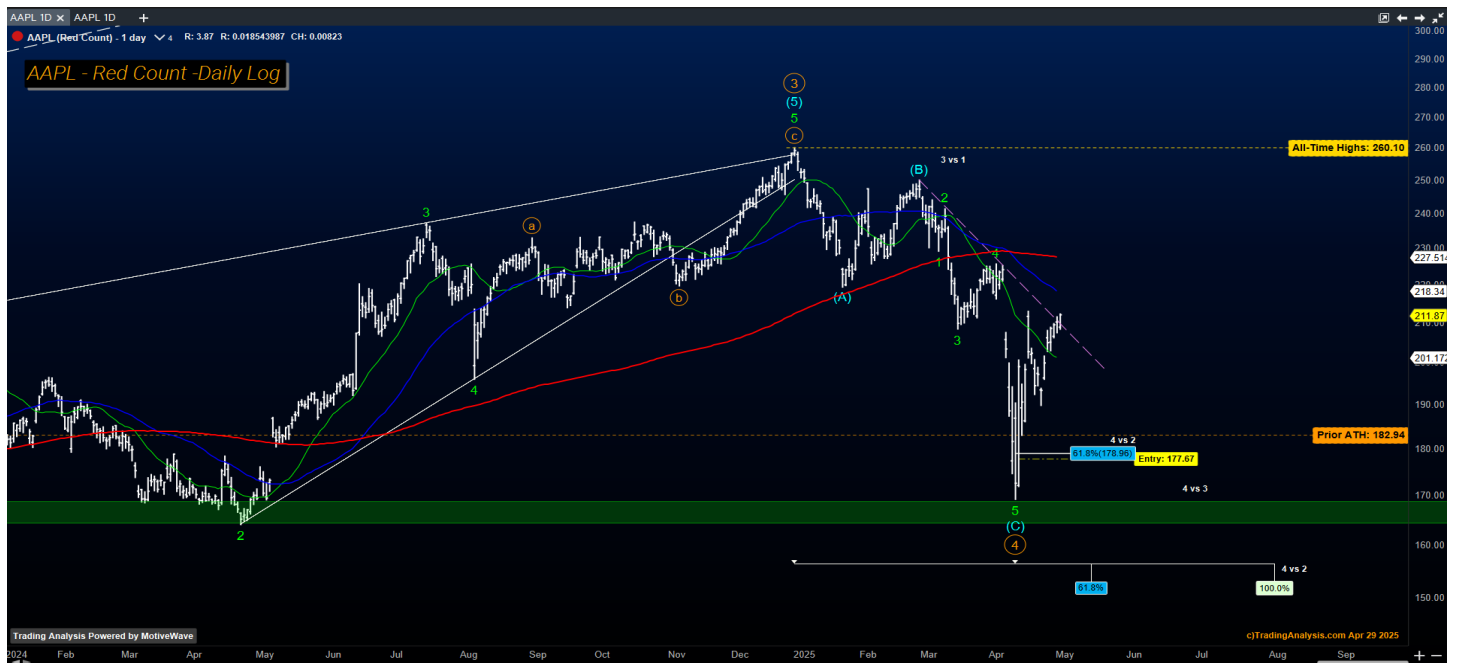
MCD



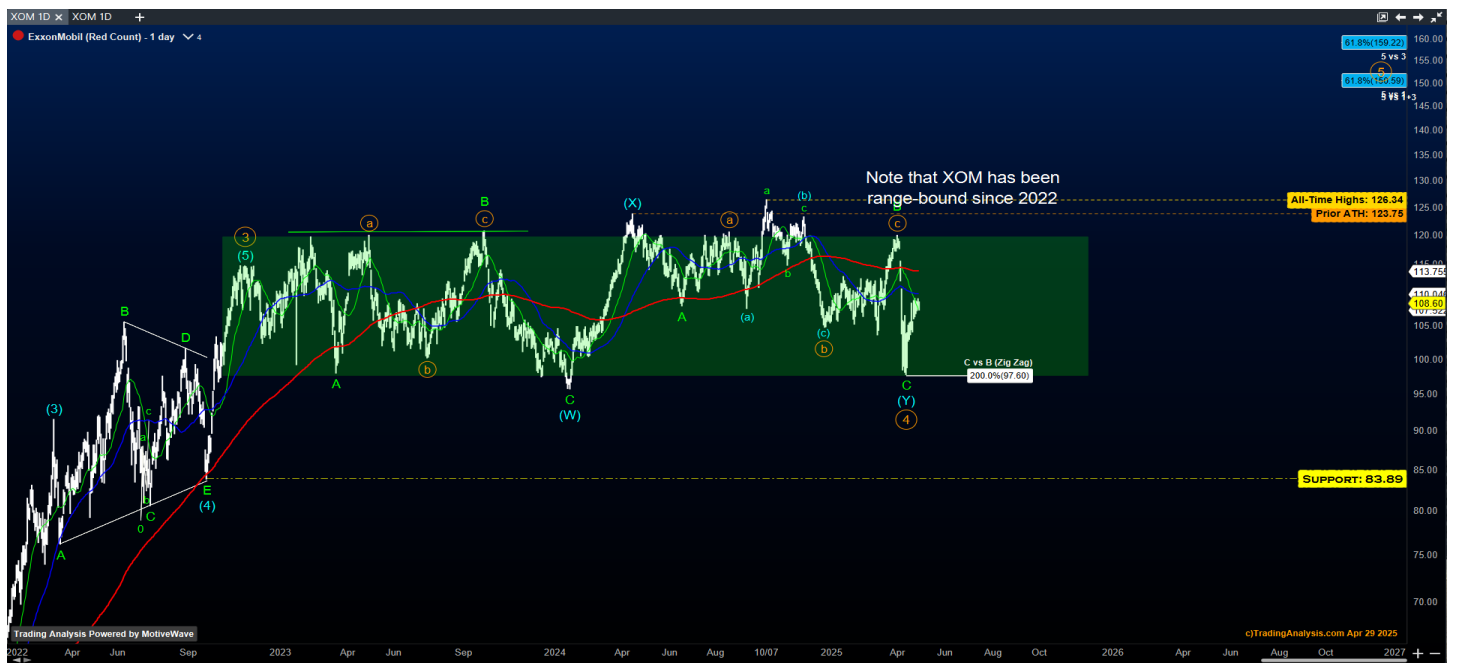
AMZN

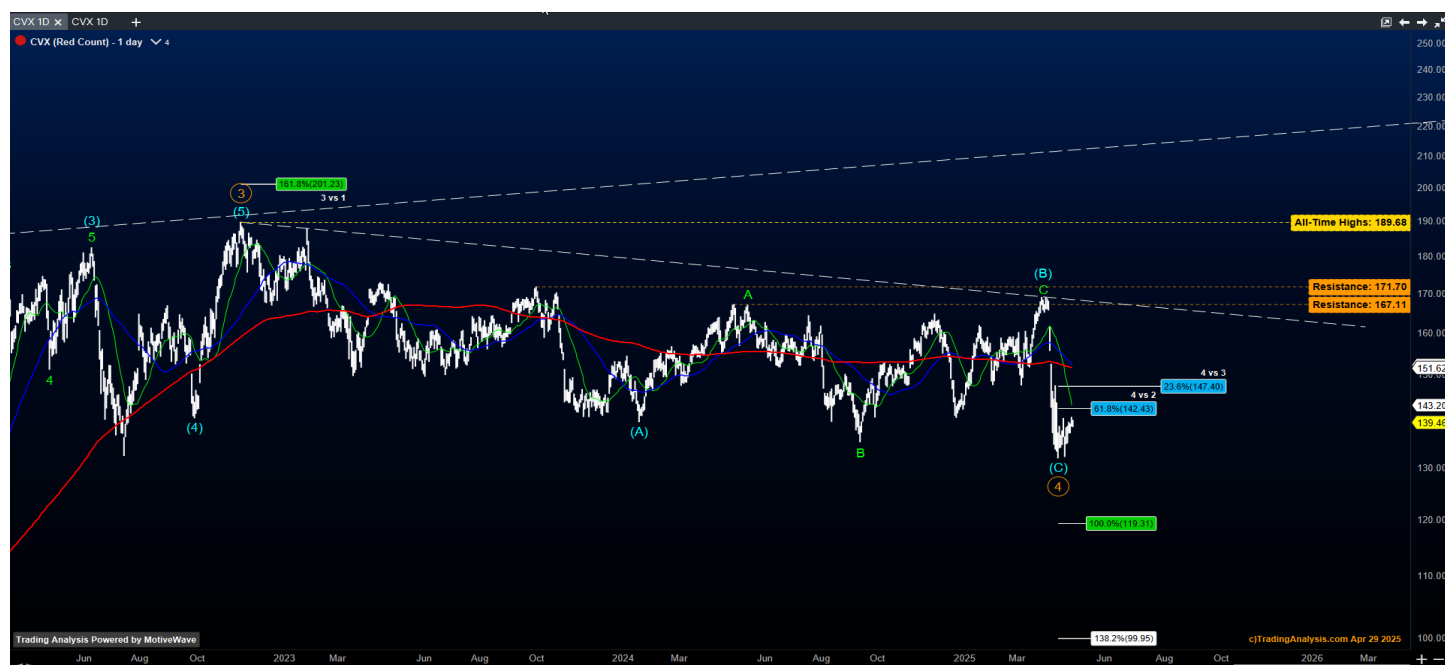


AAPL



XOM





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