

ENGINEERING THE MARKETS:

PRECISION, PATTERNS, & PROFITABILITY

Roadblocks to Re-entering
the Market

May 6, 2025



POWERED BY:



by TERRY LONG

TRADINGANALYSIS.COM

Roadblocks to Re-entering the Market

Code	Last	%Chg
SPX	5,686.67	2.92%
NDY	20,102.61	3.45%
IWM	200.48	3.28%

For a second week in a row, markets continued to move solidly higher. For the week, the **SPX** gained 2.92%, tacking on to last week's 4.59% gains. The **NDX** rose 3.45%, adding to the prior week's 6.43% gains to net a 10% move over the past two weeks. The **IWM** Small Caps also found buyers with a 3.28% move to add to the prior week's 4.10% gains.

Code	Last	%Chg
XLI	134.58	4.32%
XLK	216.61	3.90%
XLF	49.76	3.62%
XLRE	41.93	3.45%
XLC	97.42	3.24%
XLB	84.93	2.80%
XLU	79.75	1.97%
XLY	201.43	1.94%
XLP	81.56	0.89%
XLV	138.53	0.35%
XLE	81.98	-0.50%

The **Industrials** Sector outpaced the **Technology** Sector with the **XLI** up 4.32% versus the **XLK's** 3.90% rise. Other sectors outperforming the Benchmark **SPX** last week included **Financials**, **Real Estate**, and **Communications**.

Intermediate-term traders face several key roadblocks as market corrections establish bottoms and turn higher. Let me break these down for you.

The most significant challenge is identifying the actual bottom versus a false floor. Market bottoms rarely announce themselves clearly—they're only confirmed in hindsight, so we advise a cautious approach to re-entering the market.

Psychological Challenges

- ✓ **Hesitation paralysis** – Many traders freeze after being burned in the downturn, missing the early stages of recovery, where gains are often most substantial
- ✓ **Recency bias** – The pain of recent losses makes traders overly cautious precisely when opportunity emerges
- ✓ **Confirmation seeking** – Waiting for “confirmation” often means missing 15–20% of the initial move up

Technical Challenges

- ✓ **Sector rotation confusion**– Leadership often changes during corrections; yesterday’s winners rarely lead the new advance
- ✓ **False breakouts** – Early recovery attempts frequently fail, shaking out traders before the genuine move higher
- ✓ **Volume interpretation** – Bottoms often form on declining volume, making traditional confirmation signals unreliable

Practical Strategy Issues

Challenge	Description	WarrenAI’s Take
Position Sizing	Fear leads to undersized positions	The market rewards courage, but punishes recklessness
Premature profit-taking	Selling too early in recovery	The first 25% up is often the easiest to capture
Chasing laggards	Buying familiar names vs. new leaders	New bull markets typically features new leadership

Navigating the Turn

Looking at our current context, several healthcare stocks are showing significant weakness:

- ✓ **UnitedHealth Group** [NYSE:UNH]
Down 18.9% over the past month with an RSI of 28.89
- ✓ **Bristol-Myers Squibb** [NYSE:BMJ]
Has declined 19.3% monthly with an RSI of 25.35
- ✓ **Apellis Pharmaceuticals** [NASDAQGS:APLS]
Shows the steepest drop at 27.9% monthly with an RSI of 26.16

These oversold conditions (RSIs below 30) could present opportunities, but remember: stocks can remain oversold longer than traders can remain patient.

The healthiest approach is to develop a systematic method for identifying new leadership as it emerges, rather than trying to catch falling knives or betting on familiar names from the previous cycle.

Economic Calendar


This week's main point of interest is the Federal Reserve's interest rate decision on Wednesday. The market will be paying close attention to any revisions in the Fed's economic perspective and the exact language in their statement, regardless of whether interest rates are reduced or held steady

Time	Cur.	Imp.	Event	Actual	Forecast	Previous
Monday, May 5, 2025						
08:45	USD	★ ★ ★	S&P Global Services PMI (Apr)	50.8	51.4	54.4
09:00	USD	★ ★ ★	ISM Non-Manufacturing PMI (Apr)	51.6	50.2	50.8
09:00	USD	★ ★ ★	ISM Non-Manufacturing Prices (Apr)	65.1	61.2	60.9
Wednesday, May 7, 2025						
09:30	USD	★ ★ ★	Crude Oil Inventories		-2.500M	-2.696M
13:00	USD	★ ★ ★	FOMC Statement			
13:00	USD	★ ★ ★	Fed Interest Rate Decision		4.50%	4.50%
13:30	USD	★ ★ ★	FOMC Press Conference			
Thursday, May 8, 2025						
07:30	USD	★ ★ ★	Initial Jobless Claims		232K	241K

Earnings Calendar

Earnings Season continues. Here's the list of companies that I will be keeping an eye on:

- ✓ After the Close on Monday: **PLTR**
- ✓ Before the Open on Tuesday: **RACE, MAR**
- ✓ After the Close on Tuesday: **SMCI, AMD, WYNN**
- ✓ Before the Open on Wednesday: **UBER, DIS, VST**
- ✓ After the Close on Wednesday: **APP, CVNA, ARM**
- ✓ Before the Open on Thursday: **SHOP**

<div><div>EARNINGS WHISPERS</div><div>Most Anticipated Earnings Releases for the week beginning May 05, 2025</div></div>									
Monday		Tuesday		Wednesday		Thursday		Friday	
Before Open	After Close	Before Open	After Close	Before Open	After Close	Before Open	After Close	Before Open	After Close
<div>TGTX</div> <div>TG Therapeutics</div> <div>BRKB</div> <div>Berkshire Hathaway Inc.</div> <div>ON</div> <div>onsemi</div> <div>AXSM</div> <div>axsome</div> <div>BCRX</div> <div>bio-cry</div> <div>RXRX</div> <div>Recursion</div> <div>FRPT</div> <div>freshpet</div> <div>TSN</div> <div>Tyson</div> <div>INTX</div> <div>BIONTECH</div> <div>CNA</div> <div>CNA</div>	<div>PLTR</div> <div>Palantir</div> <div>HIMS</div> <div>hims hers</div> <div>F</div> <div>Ford</div> <div>O</div> <div>REALTY INCOME</div> <div>BRBR</div> <div>bellring</div> <div>EVER</div> <div>EVERQUOTE</div> <div>VNOM</div> <div>VIPER</div> <div>CORT</div> <div>Corcept</div> <div>CE</div> <div>Celanese</div> <div>CLX</div> <div>The Clorox Company</div>	<div>CELH</div> <div>CELSIUS</div> <div>DDOG</div> <div>DATADOG</div> <div>RACE</div> <div>Ferrari</div> <div>DOCK</div> <div>DigitalOcean</div> <div>MAR</div> <div>Marriott International</div> <div>PRTH</div> <div>PRIORITY TECHNOLOGY HOLDINGS</div> <div>CEG</div> <div>Constellation</div> <div>GPN</div> <div>globalpayments</div> <div>ARRY</div> <div>ARRAY TECHNOLOGIES</div> <div>ADM</div> <div>ADM</div>	<div>SMCI</div> <div>SUPERMICRO</div> <div>AMD</div> <div>AMD</div> <div>RVN</div> <div>RIVIAN</div> <div>TEM</div> <div>TEMPUS</div> <div>ET</div> <div>ENERGY TRANSFER</div> <div>ANET</div> <div>ARISTA</div> <div>ALAB</div> <div>Astera Labs</div> <div>UPST</div> <div>Upstart</div> <div>WYNN</div> <div>Wynn Resorts</div> <div>LCID</div> <div>LUCID</div>	<div>UBER</div> <div>Uber</div> <div>DIS</div> <div>Disney</div> <div>NOV</div> <div>novo nordisk</div> <div>TEVA</div> <div>teva</div> <div>U</div> <div>unity</div> <div>VST</div> <div>VISTRA ENERGY</div> <div>GOLD</div> <div>BARRICK</div> <div>FLEX</div> <div>flex</div> <div>OSCR</div> <div>oscar</div> <div>BG</div> <div>BUNGE</div>	<div>APP</div> <div>APPROVIN</div> <div>CVNA</div> <div>CARVANA</div> <div>ARM</div> <div>arm</div> <div>CLF</div> <div>CLIFFS</div> <div>AXON</div> <div>AXON</div> <div>DASH</div> <div>DOORDASH</div> <div>BROS</div> <div>Dutch Bros</div> <div>OXY</div> <div>OXY</div> <div>TBBH</div> <div>B BB</div> <div>CPRX</div> <div>Catalyst</div>	<div>PTON</div> <div>PELOTON</div> <div>SHOP</div> <div>shopify</div> <div>COP</div> <div>ConocoPhillips</div> <div>GIBS</div> <div>D:WAVE</div> <div>HUT</div> <div>HUT 8</div> <div>CRON</div> <div>CRONOS GROUP</div> <div>WBD</div> <div>WARNER BROS. DISCOVERY</div> <div>ACMR</div> <div>ACM RESEARCH</div> <div>CROX</div> <div>crocs</div> <div>CHENIERE</div>	<div>TTD</div> <div>theTradeDesk</div> <div>COIN</div> <div>coinbase</div> <div>MARA</div> <div>MARATHON</div> <div>MELI</div> <div>mercado libre</div> <div>NET</div> <div>CLOUDFLARE</div> <div>SOUN</div> <div>SoundHound</div> <div>DKNG</div> <div>DRAFT KINGS</div> <div>AFRM</div> <div>affirm</div> <div>WOLF</div> <div>Wolfspeed</div> <div>INOD</div> <div>Innodata</div>	<div>WULF</div> <div>TERAWULF</div> <div>DIBS</div> <div>1dDIBS</div> <div>ENB</div> <div>ENBRIDGE</div> <div>ANIP</div> <div>ani Pharmaceuticals Inc.</div> <div>TLS</div> <div>Telos</div> <div>PAR</div> <div>par</div> <div>AGN</div> <div>Algonquin</div> <div>EMBC</div> <div>embecta</div> <div>ESNT</div> <div>ESSENT GROUP</div> <div>GOGO</div> <div>gogo</div>	
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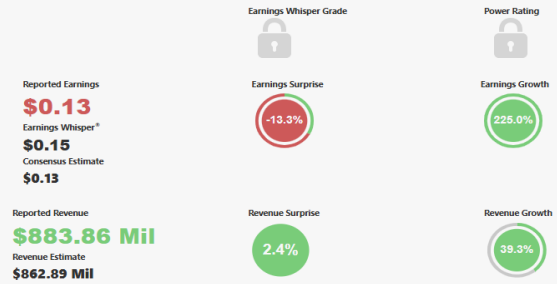
Palantir Technologies Missed Expectations

Monday, May 5, 2025 at 4:05 PM ET

Palantir Technologies (PLTR) reported earnings of \$0.13 per share on revenue of \$883.86 million for the first quarter ended March 2025. The consensus earnings estimate was \$0.13 per share on revenue of \$862.89 million. The Earnings Whisper number was \$0.15 per share. The company missed expectations by 13.33% while revenue grew 39.34% on a year-over-year basis.

The company said it expects second quarter revenue of \$934.0 million to \$938.0 million and now expects 2025 revenue of \$3.89 billion to \$3.902 billion. The company's previous guidance was 2025 revenue of \$3.74 billion to \$3.76 billion. The current consensus revenue estimate is \$898.45 million for the quarter ending June 30, 2025 and revenue of \$3.77 billion for the year ending December 31, 2025.

Palantir Technologies Inc. is a software company that builds enterprise data platforms for use by organizations with complex and sensitive data environments.



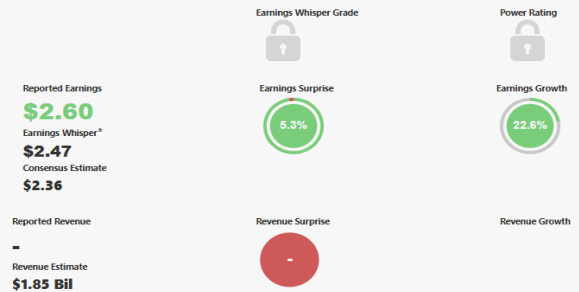
Ferrari N.V. Beat Expectations

Tuesday, May 6, 2025 at 6:46 AM ET

Ferrari N.V. (RACE) reported earnings of \$2.60 per share on for the first quarter ended March 2025. The consensus earnings estimate was \$2.36 per share on revenue of \$1.85 billion. The Earnings Whisper number was \$2.47 per share. The company beat expectations by 5.26%.

The company said it continues to expect 2025 earnings of approximately \$9.74 per share on revenue of more than \$7.93 billion. The current consensus earnings estimate is \$9.30 per share on revenue of \$7.54 billion for the year ending December 31, 2025.

Ferrari N.V. is engaged in designing, manufacturing and selling sports cars. Its products include sports car models consists of 458 Italia, 488 GTB, 458 Spider, 488 Spider, F12 Berlinetta, 458 Speciale and 458 Speciale A as well as two grand tourer (GT) cars: California T and FF. The Company also produces a limited edition supercar, LaFerrari and limited series and one-off cars. It operates primarily in Europe, the Middle East, India, Africa, Americas, Greater China and Rest of Asia-Pacific region. Ferrari N.V. is headquartered in Maranello, Italy.

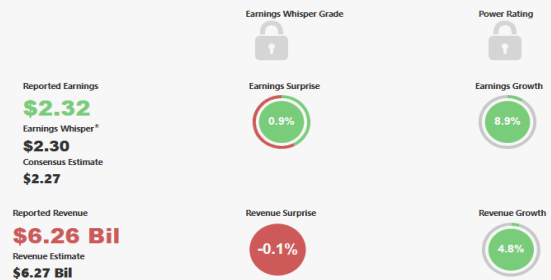


Marriott International Beat Expectations

Tuesday, May 6, 2025 at 7:00 AM ET

Marriott International (MAR) reported earnings of \$2.32 per share on revenue of \$6.26 billion for the first quarter ended March 2025. The consensus earnings estimate was \$2.27 per share on revenue of \$6.27 billion. The Earnings Whisper number was \$2.30 per share. The company beat expectations by 0.87% while revenue grew 4.79% on a year-over-year basis.

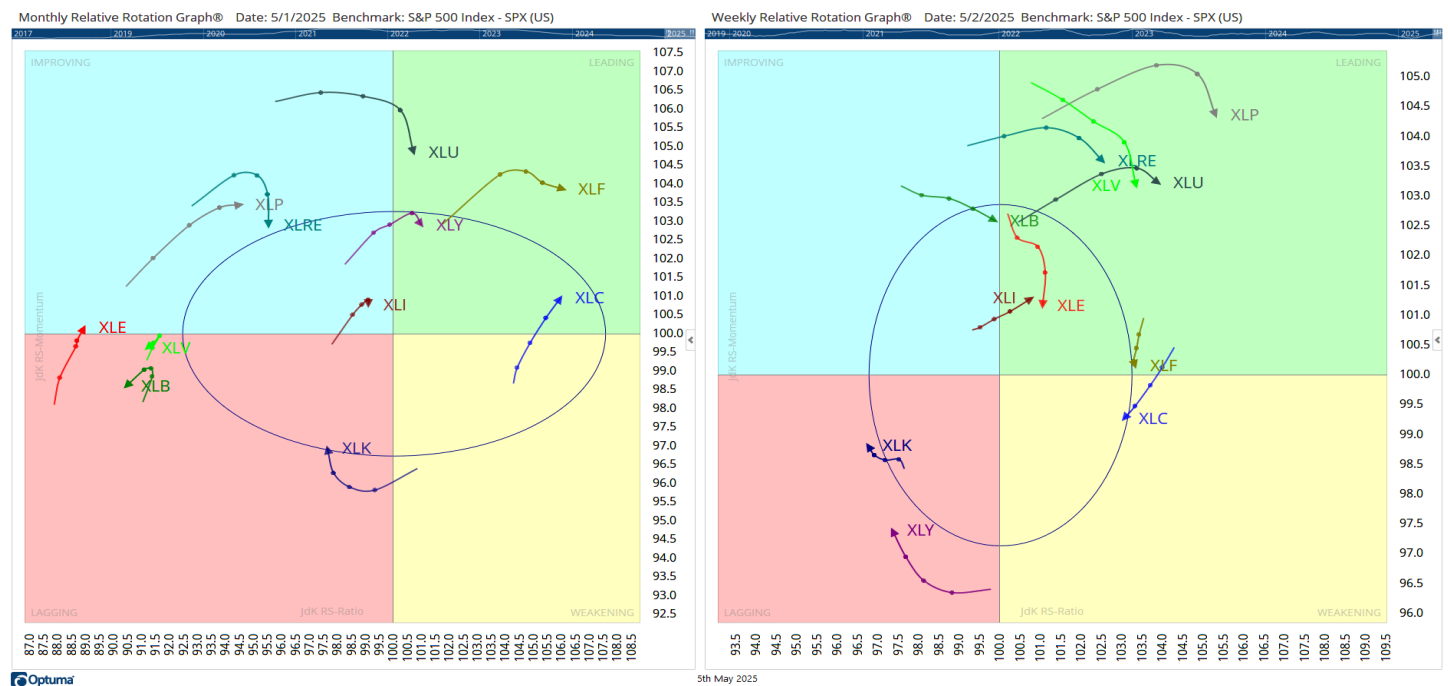
Marriott International Inc is an operator, franchisor & licensor of hotels and timeshare properties under different brand names. It also operates & develops residential properties and provides services to home/condominium owner association.



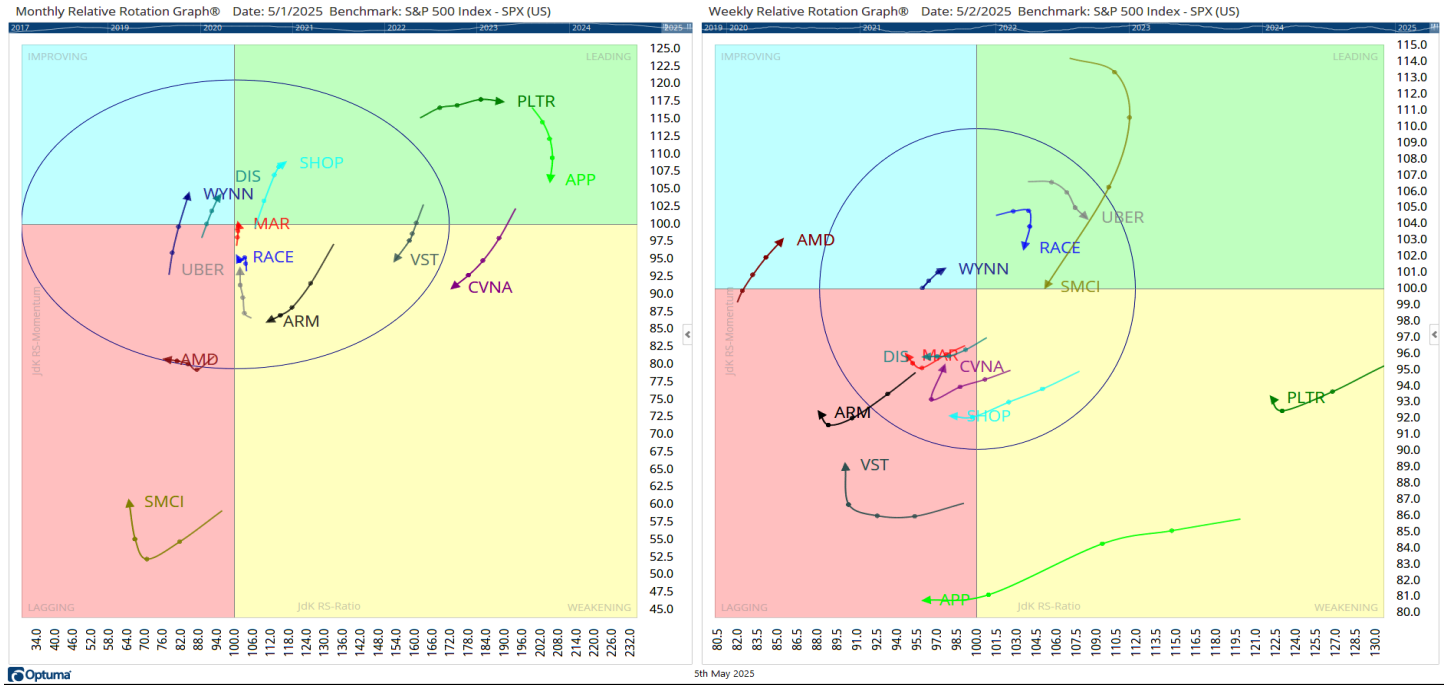
Sector Rotation

We are currently observing a significant sector rotation unfolding. While sector rotation is a constant market dynamic, the Value sectors (**Staples, Utilities, Healthcare, Real Estate, and Energy**) that have been leading on the weekly timeframe are now exhibiting downward vectors, indicating a rapid deceleration in their Relative Momentum. This suggests a likely future rotation towards the southwest, characterized by declines in both Relative Momentum and Relative Strength, although this remains a projected outcome based on typical rotational patterns.

Conversely, the lagging **Technology** and **Discretionary** sectors are beginning to show increasing Relative Momentum. Although their relative strength continues to decrease, the rate of this decline has moderated. This suggests a potential eventual shift back towards the northeast may be coming soon, where rising Relative

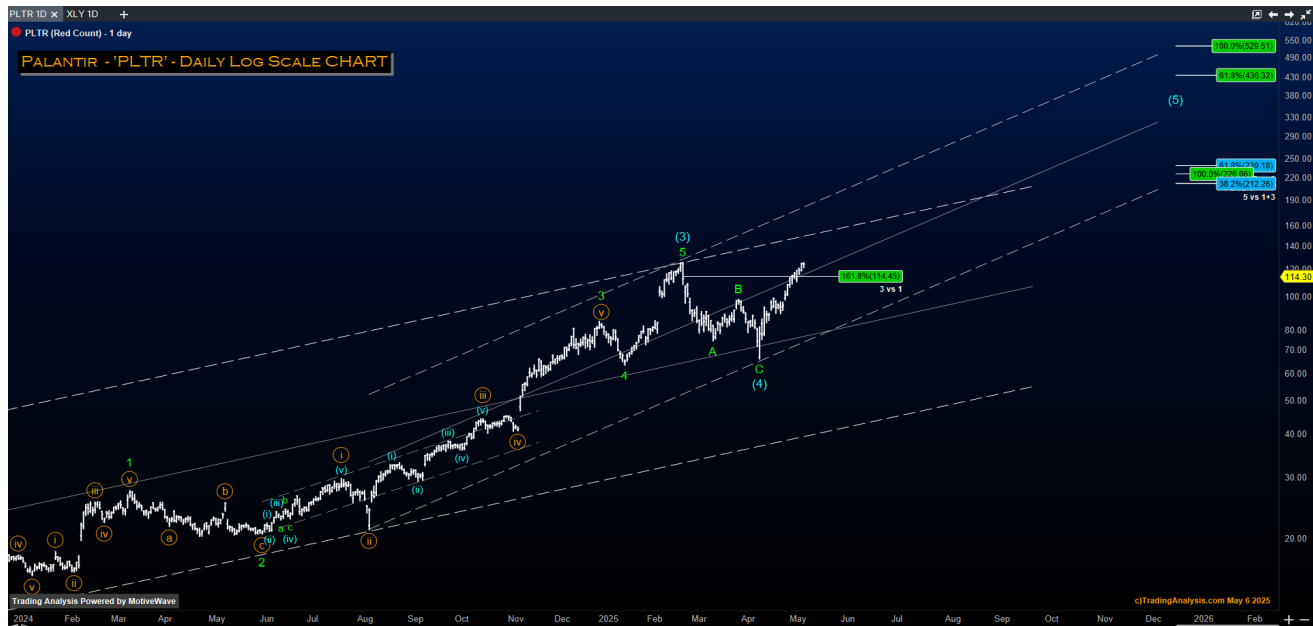


Monthly and Weekly RRG for the selected stocks with Earnings Reports this week



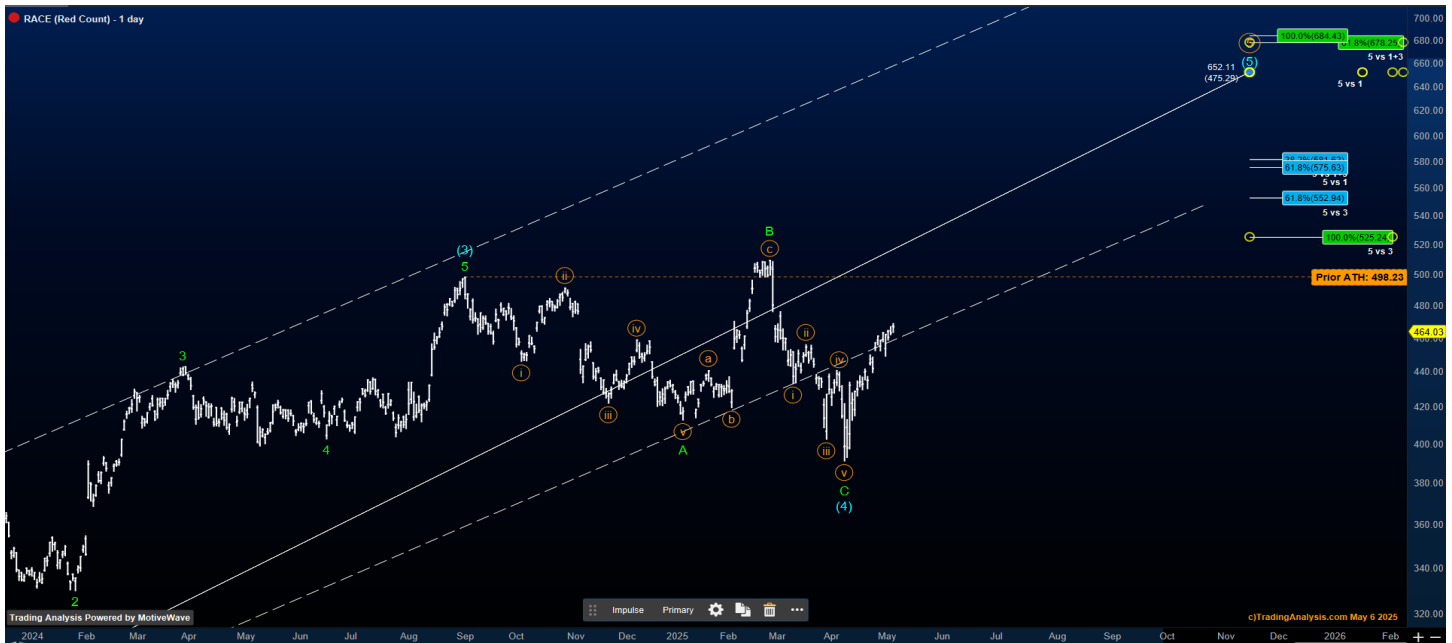
PLTR

Significant outperformance on both Weekly and Monthly RRG, with a recent new hook reversal forming on the Weekly



RACE

In the Leading Quadrant on the Weekly, Relative Momentum has begun declining



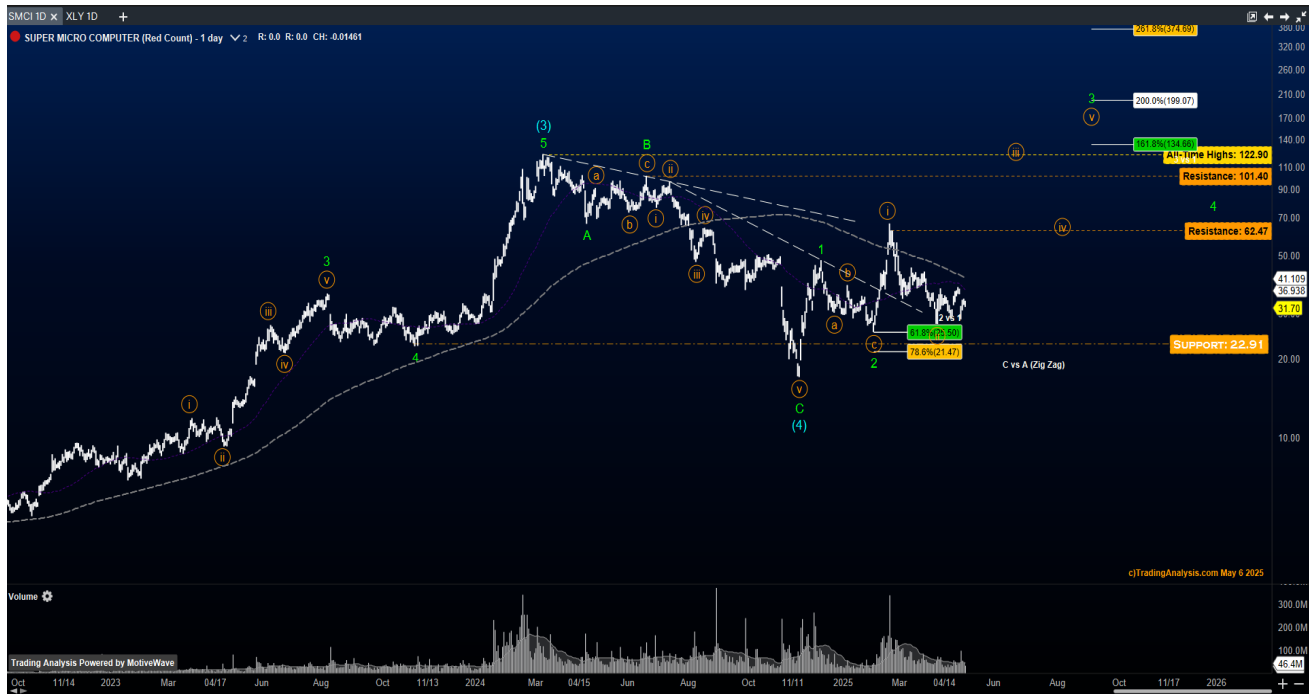
MAR

Close to the origin in the Monthly RRG means MAR behaves similarly to the benchmark SPX. Currently Lagging in the Weekly RRG, there is a hook reversal forming, starting to show a rise in Relative Momentum



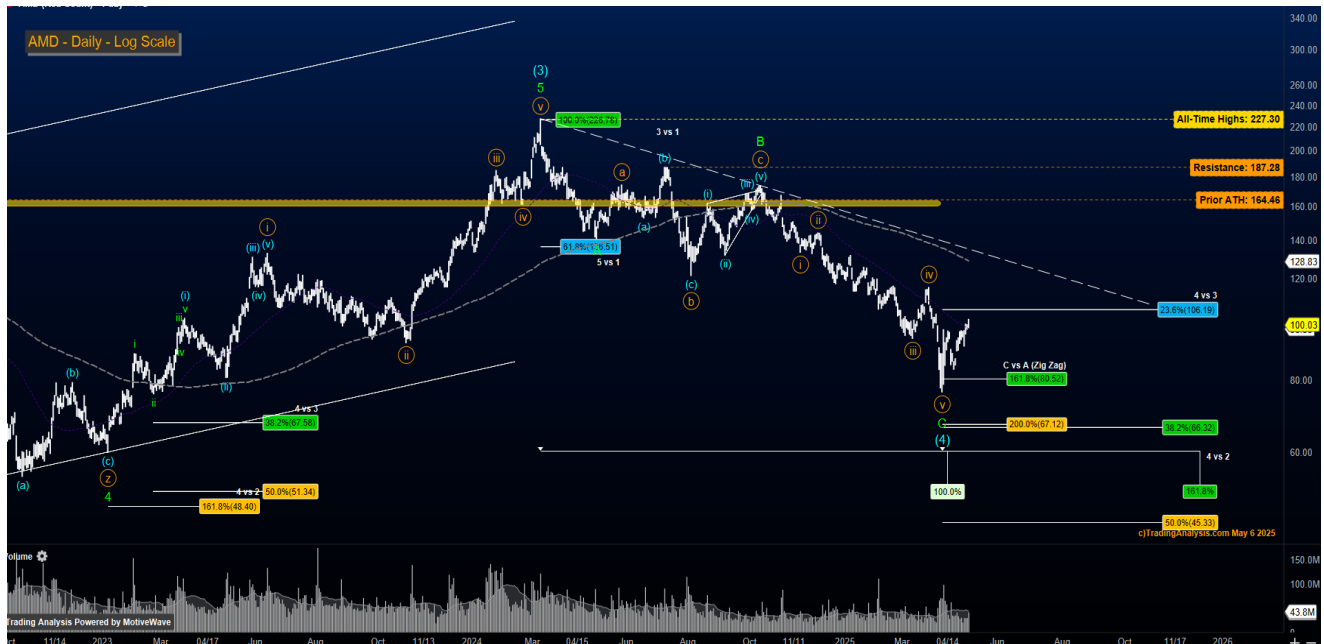
SMCI

A hook reversal in the Monthly is contrasted by a rapid reversal on the Weekly, indicating to me that SMCI may continue to remain underperforming until we see that Weekly make another reversal back to the upside.

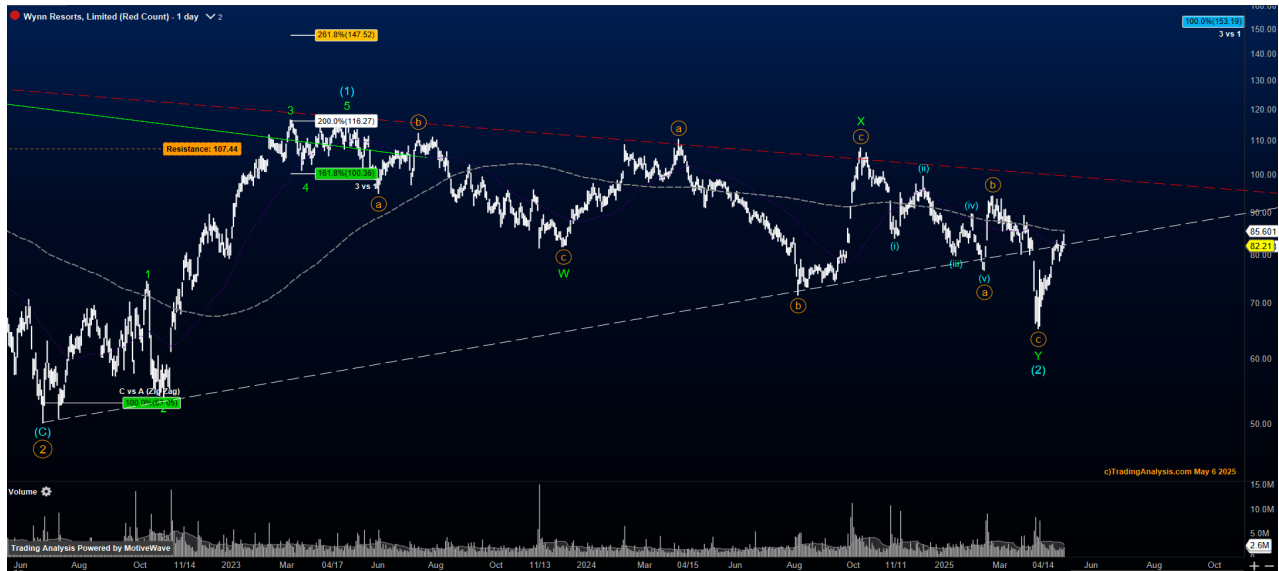


AMD

Lagging on the Monthly but rising into the Improving Quadrant on the Weekly, though Relative Strength is currently well below the benchmark SPX, AMD is making progress gaining Relative Strength and Relative Momentum simultaneously in this northeast heading.

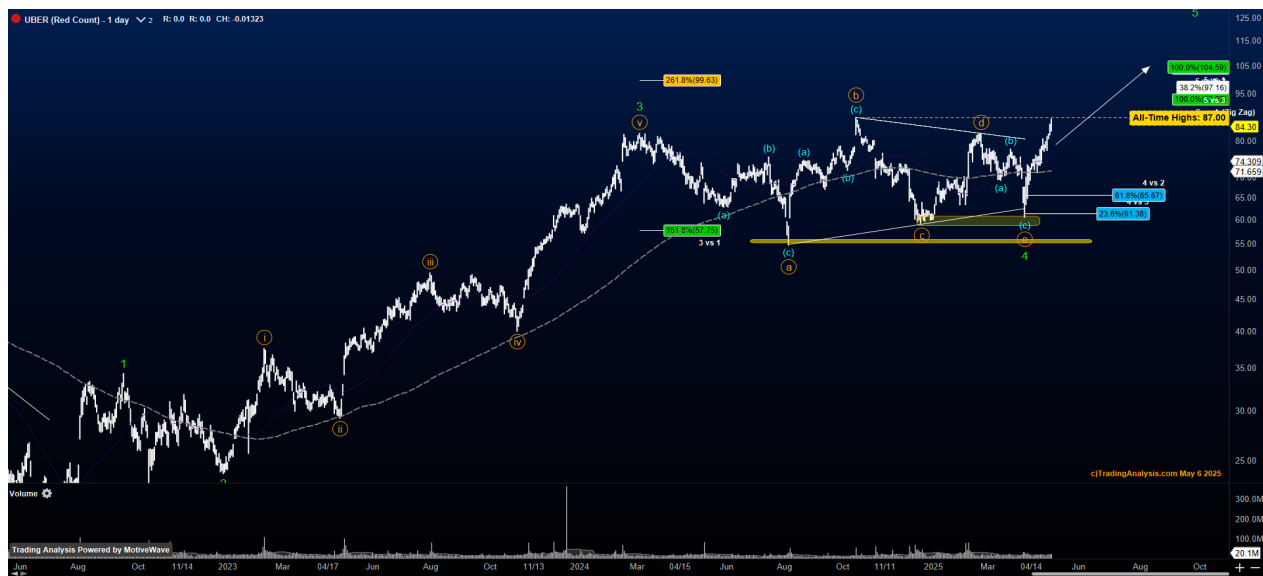


Seen in the Improving Quadrant on both the Monthly and the Weekly RRG, slight underperformance is evident from the Relative Strength position, but some improvement is noted



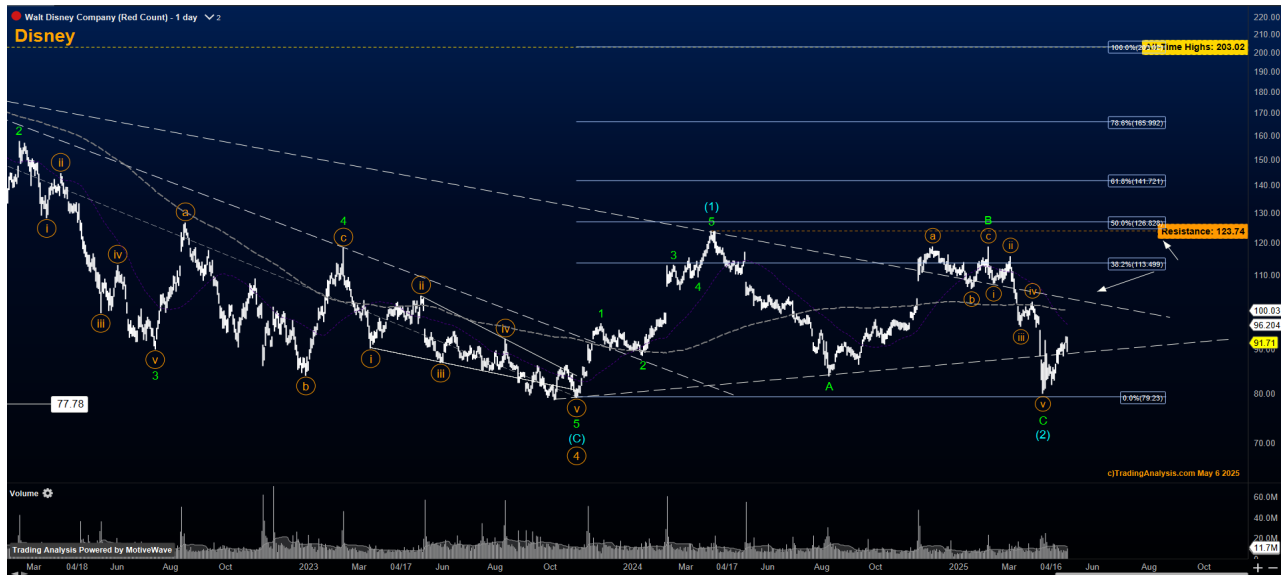
UBER

Rising Relative Momentum in the Monthly RRG and holding in the Leading Quadrant on the Weekly, some Relative Momentum loss is evident, but Relative Strength does continue to increase.



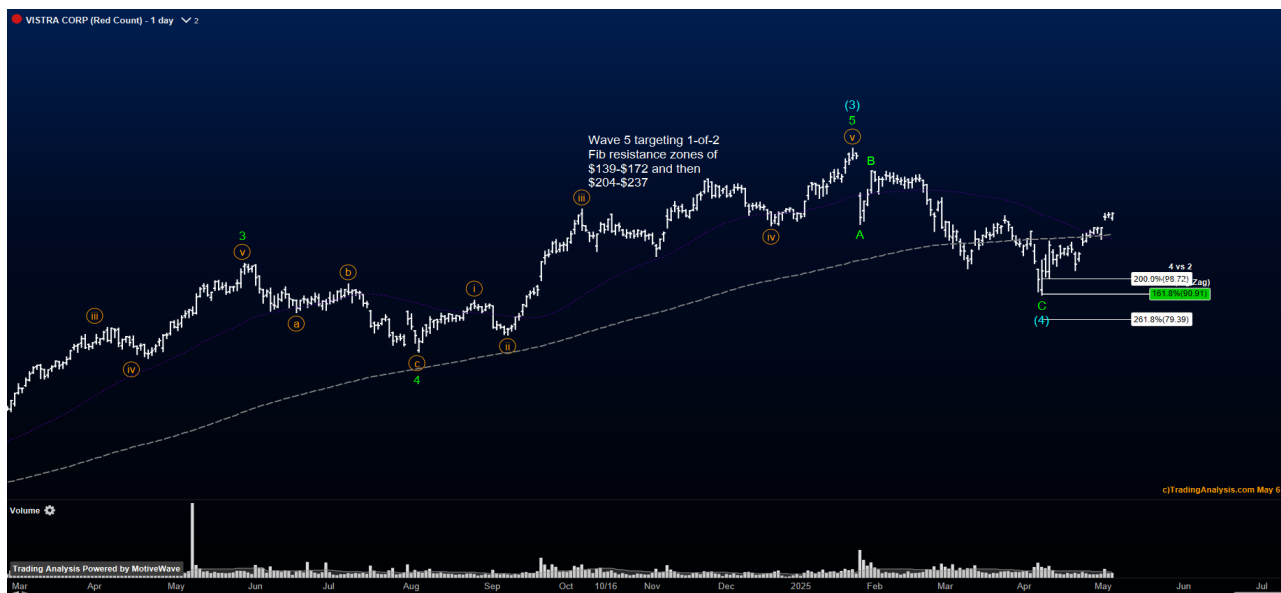
DIS

Rising in the Improving Quadrant on the Monthly but losing Relative Strength on the Weekly gives confusing signals



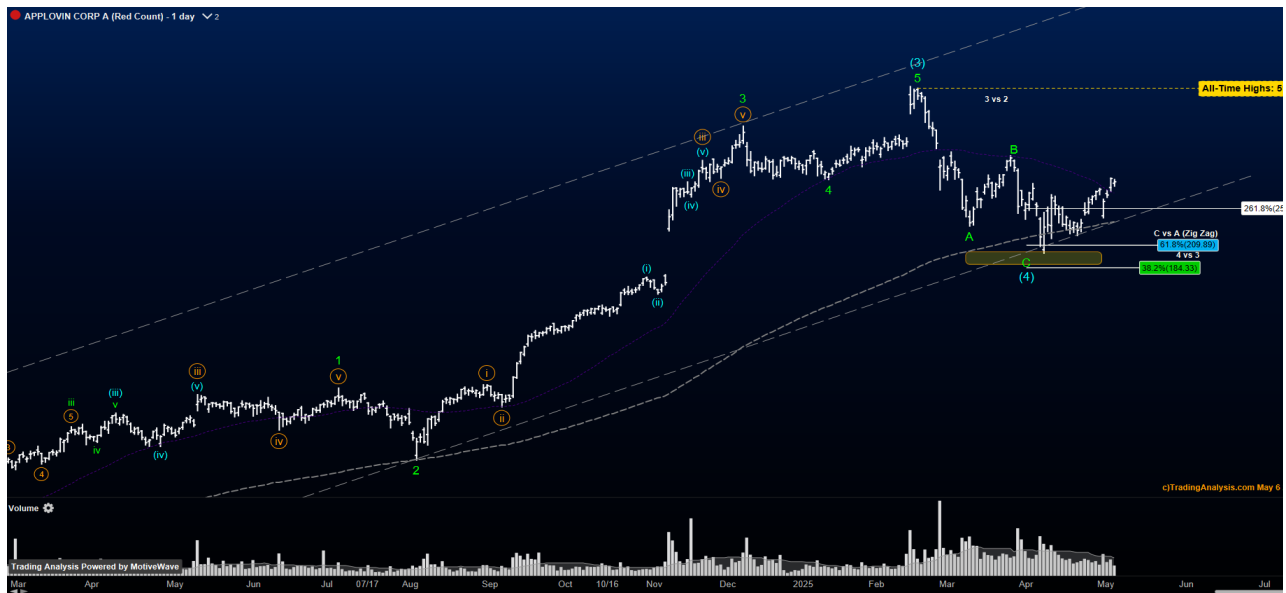
VST

With a high Relative Strength in the Monthly RRG, Relative Momentum there has seen a decline, but the hook reversal in the Weekly from the Lagging Quadrant shows promise that VST will continue to outperform the benchmark SPX in the near term.



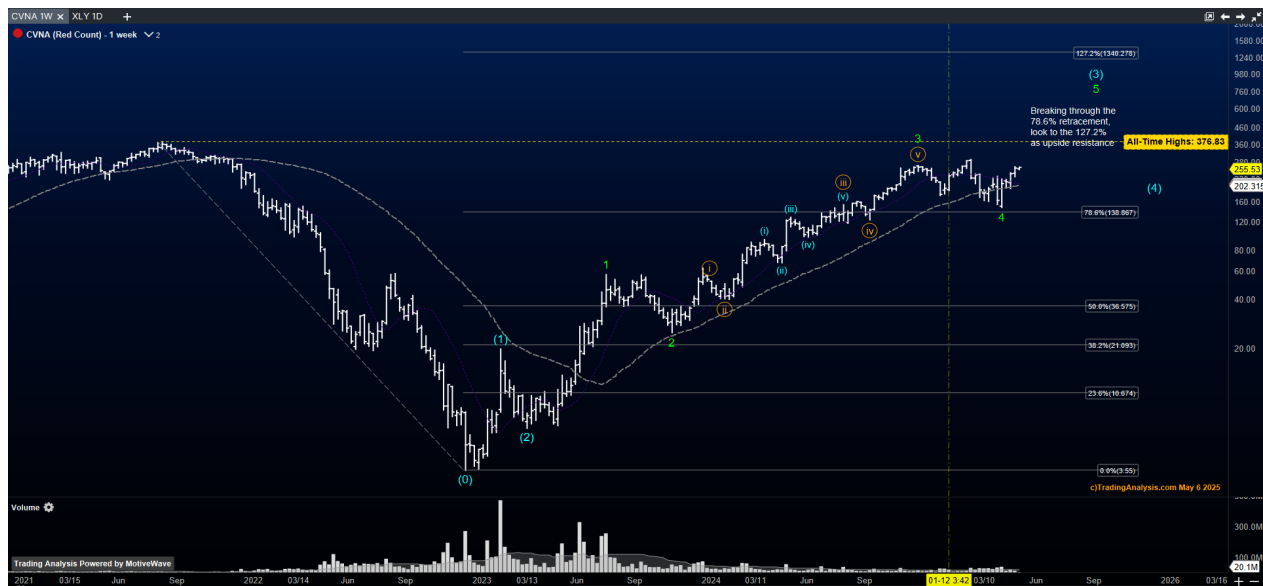
APP

Has a high Relative Strength in the Monthly RRG, but is seen with rapidly decreasing Relative Momentum there. A push west into the Lagging Quadrant on the Weekly, we'll be looking for an upturn to signal a return to rising Relative Momentum.



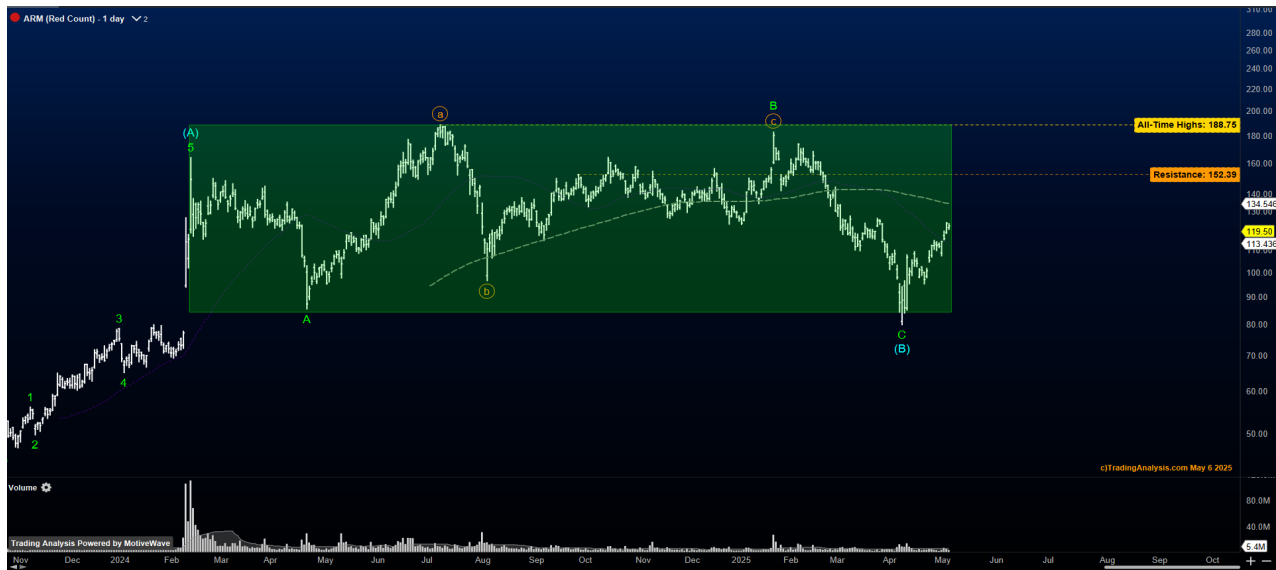
CVNA

Though declining into the Weakening Quadrant on the Monthly RRG, CVNA has held a very high Relative Strength condition. In the Weekly RRG, a hook reversal is clearly evident, showing a return to both rising Relative Momentum and rising Relative Strength.



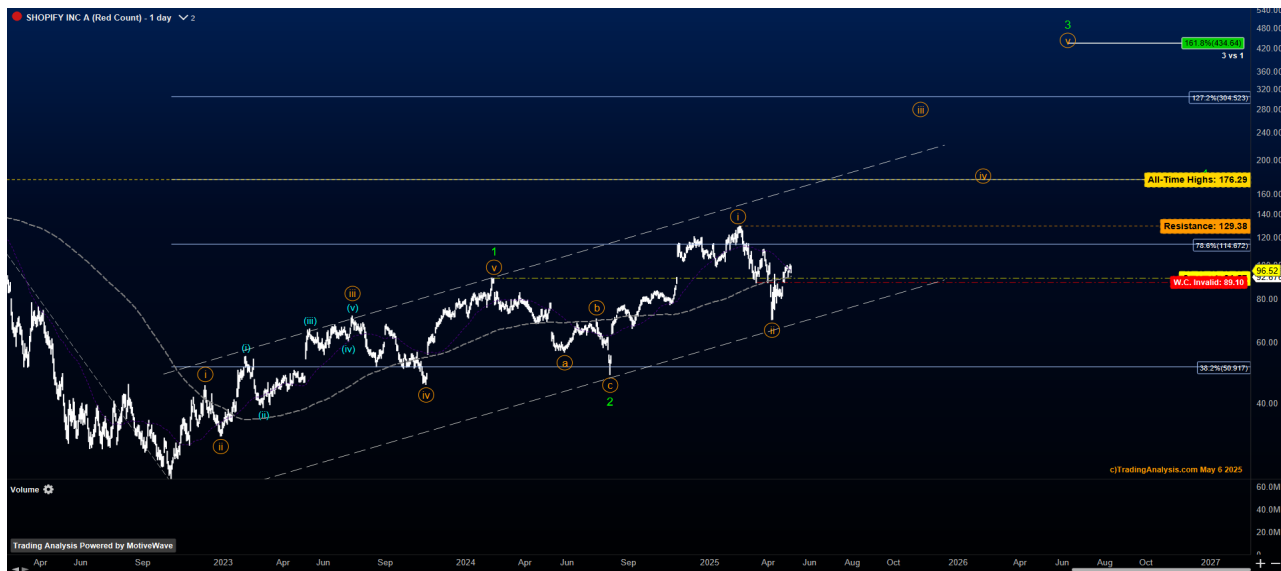
ARM

Losing both Relative Strength and Relative Momentum in the Monthly, ARM is showing a hook reversal in the Weekly, which should continue to slow the decline seen in the Monthly RRG and possibly form a new hook reversal in that longer-term signal.



SHOP

Has been seen rising into the Leading Quadrant on the Monthly RRG; however, it has been losing Relative Strength on the Weekly and has recently pushed into the Lagging Quadrant. Keep monitoring for the formation of a hook reversal in the Weekly, which would be a positive for SHOP.



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