

# ENGINEERING THE MARKETS:

## PRECISION, PATTERNS, & PROFITABILITY

Trading the Post-Correction  
Playbook

May 14, 2025



POWERED BY:



by TERRY LONG

TRADINGANALYSIS.COM

# Trading the Post-Correction Playbook

Code	Last	%Chg
SPX	5,659.91	-0.47%
NDY	20,061.45	-0.20%
IWM	200.81	0.16%

After a four-week rally from early April lows, major indexes took a pause last week. The S&P 500 (SPX) declined 0.47%, holding just below its 200-day simple moving average (SMA). The Nasdaq 100 (NDX) also paused near its 200-day SMA, declining by a smaller 0.20%.

Code	Last	%Chg
XLI	136.11	1.14%
XLU	80.24	0.61%
XLE	82.43	0.55%
XLY	202.41	0.49%
XLK	217.60	0.46%
XLF	49.86	0.20%
XLC	97.18	-0.25%
XLB	84.56	-0.44%
XLRE	41.61	-0.76%
XLP	80.91	-0.80%
XLV	132.68	-4.22%

Industrials (XLI) managed 1.14% positive gains while Healthcare (XLV) took a steep dive, down 4.22% on the week.

Monday morning brought news of US-China tariff negotiation agreements, prompting a positive market reaction. The SPX opened with a gain of over 2.65% in response and finished the day up 3.26% while the NDX saw a gain of 4.02%. Small Caps also joined the rally, rising 3.52% for the day.

Dollar strength showed a rebound, sending Crude oil prices back up 3.51% and Gold falling 2.90% from record high levels, also in early Monday trading.

Market snapshot at the open, May 12, 2025, 09:33

US	Europe	Asia	FX	Rates	Futures	Crypto
Dow		42,218.60		969.22	2.35%	▲
S&P 500		5,810.15		150.24	2.65%	▲
Nasdaq		18,593.80		664.89	3.71%	▲
VIX		19.56		-2.34	-10.68%	▼
Gold		3,247.10		-96.90	-2.90%	▼
Oil		63.16		2.14	3.51%	▲

## New Beginnings: How to Trade After a Steep Market Correction

When markets tumble, opportunity often rises from the ashes: after each major correction, the Nasdaq 100 (NDX) has historically staged impressive recoveries, with average 12-month gains topping 38% after the last four major corrections. Let's break down why corrections can be springboards for new beginnings—and what the data says about trading strategies in their wake.

### Correction Recap: The Power of the Comeback

**Quick Take:** Market corrections—typically defined as a drop of 10% or more from recent highs—can feel like financial earthquakes. But history shows they're often followed by strong rallies, especially in growth-heavy indices like the NDX.

Here's a look at the past four major NDX corrections and the 12-month gains that followed:

Correction Period	NDX Drawdown	12 Month Gain Post -Correction	WarrenAI's Take
Feb-Mar2020 (COVID)	-28%	+48%	Tech snapped back in record time
04 2018 (Fed Hikes )	-23%	+38%	Fed pivot sparked a growth surge
Aug 2015 (China fears)	-17%	+17%	Volatility faded, tech led rebound
Summer 2011 (Debt crisis)	-18%	+52%	Central banks rescued risk assets

### Pattern

The NDX has rebounded double digits—and then some—after every sharp correction in the past decade. So, while the pain feels real in the moment, declines have historically sown the seeds for strong recoveries.

## Why Corrections Set Up New Beginnings

### Reset & Opportunity:

Corrections force out excesses: valuations reset, overleveraged positions unwind, and investor sentiment often swings from greed to fear. This creates fertile ground for savvy traders and long-term investors alike.

- ✓ **Valuation Reset:**

After corrections, price-to-earnings ratios (P/E) often drop to more attractive levels—why it matters: cheaper prices can boost future returns.

- ✓ **Sentiment Shift:**

Corrections shake out weak hands, allowing fundamentals, not FOMO, to drive the next phase

- ✓ **Liquidity Surge:**

Central banks often respond to steep drops with supportive policies, as seen in 2020 and 2011.

## Trading the Post-Correction Playbook

### Tactical Steps:

- ✓ **Step 1: Reassess Risk/Reward.**

Corrections reveal which sectors and stocks are resilient. Tech and consumer growth names in the NDX have repeatedly outperformed.

- ✓ **Step 2: Stagger Entries**

Rather than jumping in all at once, consider dollar-cost averaging over several weeks.

Why it

matters: smooths volatility and reduces timing risk.

- ✓ **Step 3: Watch Macro Signals.**

Keep an eye on global indicators (GDP growth, central bank policies). U.S. tech has led past rebounds, but European and Asian markets sometimes lag or diverge.

### Bull Case:

*If history repeats, patient buyers can ride the rebound. The NDX's 48% bounce post-COVID is a reminder that staying sidelined can mean missing the best days.*

### Bear Case:

*Not all corrections are created equal. Sometimes, economic shocks or policy mistakes can lead to prolonged slumps. For example, small caps (Russell 2000) have lagged the NDX during recent rebounds due to weaker fundamentals and higher rate sensitivity (see Citi's recent warning).*

## Global Angle: Lessons From Abroad

In the last decade, U.S. tech-heavy indices have rebounded faster than European or emerging market peers

### New Cycle, New Mindset












#### Summary Playbook:

- ✓ View corrections as a reset, not an ending.
- ✓ Focus on resilient sectors and leaders—NDX has been a historical winner.
- ✓ Use corrections to upgrade your portfolio: exit the laggards, own the innovators.
- ✓ Keep perspective: Volatility is the price of long-term outperformance.  
Insights
- ✓ NDX's average 12-month post-correction gain: +38%
- ✓ Fastest recovery: +48% after COVID crash (Mar 2020)
- ✓ Consistent outperformance: NDX led rebounds vs. Russell 2000, especially when rates rise
- ✓ Key trigger: Policy support (Fed, ECB) usually precedes recovery rallies

For both traders and investors, every correction is a test of patience and conviction, but history shows that new beginnings are rarely far behind. Sometimes, the best trades start when fear peaks and the crowd rushes for the exits.

## Economic Calendar

This week's economic calendar includes key data releases that will provide significant insights into the current state of inflation and the labor market. Tuesday's release of the Consumer Price Index (CPI) will be closely watched by investors and policymakers alike, as it offers a comprehensive measure of the average change over time in the prices paid by urban consumers for a basket of consumer goods and services. The CPI data can heavily influence monetary policy decisions and market expectations for future inflation trends.

Time	Cur.	Imp.	Event	Actual	Forecast	Previous
Tuesday, May 13, 2025						
07:30	 USD	★ ★ ★	Core CPI (MoM) (Apr)	0.2%	0.3%	0.1%
07:30	 USD	★ ★ ★	CPI (YoY) (Apr)	2.3%	2.4%	2.4%
07:30	 USD	★ ★ ★	CPI (MoM) (Apr)	0.2%	0.3%	-0.1%
Wednesday, May 14, 2025						
09:30	 USD	★ ★ ★	Crude Oil Inventories		-2.400M	-2.032M
Thursday, May 15, 2025						
07:30	 USD	★ ★ ★	Core Retail Sales (MoM) (Apr)		0.3%	0.6%
07:30	 USD	★ ★ ★	Initial Jobless Claims		229K	228K
07:30	 USD	★ ★ ★	Philadelphia Fed Manufacturing Index (May)		-9.9	-26.4
07:30	 USD	★ ★ ★	PPI (MoM) (Apr)		0.2%	-0.4%
07:30	 USD	★ ★ ★	Retail Sales (MoM) (Apr)		0.0%	1.4%
07:40	 USD	★ ★ ★	Fed Chair Powell Speaks 			

On Thursday, the **Producer Price Index** (PPI) will reveal the average change over time in the selling prices received by domestic producers for their output, offering a look at inflation pressures at the wholesale level. Simultaneously, the Initial Jobless Claims report will provide an updated snapshot of the number of individuals filing for unemployment benefits for the first time, serving as a timely indicator of potential shifts in the labor market.

Also on Thursday, **Retail Sales** figures will be released, detailing the total receipts at retail stores. This data is a key measure of consumer spending, which is a major driver of economic growth. Taken together, the economic data released this week, particularly the **CPI**, **PPI**, **Initial Jobless Claims**, and **Retail Sales**, will offer a comprehensive overview of the economy's performance and provide valuable information for forecasting future



# Earnings Calendar

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

- ✓ Before the Open on Monday: **SRAD**
- ✓ After the Close on Monday: **ASTS**
- ✓ Before the Open on Tuesday: **CYBR, LUNR, UAA**
- ✓ After the Close on Wednesday: **CSCO**
- ✓ Before the Open on Thursday: **BABA, WMT, DE**
- ✓ After the Close on Thursday: **AMAT, CAVA**

Monday		Tuesday		Wednesday		Thursday		Friday
Before Open	After Close	Before Open	After Close	Before Open	After Close	Before Open	After Close	Before Open
MNDY	RGTI	JD	KIRN	SPRY	CSCO	BABA	AMAT	CDRO
monday.com	rigetti	JD.COM	KARMAN	ARS PHARMA	cisco	Alibaba Group	APPLIED MATERIALS	codere
SRAD	PLUG	SEA	NU	SONY	IrisEnergy	WMT	CAVA	FLO
SPOTRADAR	ASTS	CYBR	OKLO	dynatrace	CoreWeave	Walmart	CAVA	Flowers FOODS
ROCKWELL MEDICAL	SpaceMobile	CYBERARK	OKLO	Star Equity Holdings	the metals company	GAMB	DOCS	YSG
NRG	ARCHER	HONDA	GRAIL	Tencent 腾讯	nexttracker	JOHN DEERE	doximity	YATSEN
FOX	PennantPark	INTUITIVE MACHINES	gevo	neonode	LUMINAR	MAREX	T2	BRADY
CHGG	Hertz	UNDER ARMOUR	SurgePays	INNOCENT TECHNOLOGIES	CAPITAL SOUTHWEST	ZEEKR	KORE	RBC BEARINGS
CTMX	BLINK	LANDSTAR	EXELIXIS	SRRK	STAR BULK	R3E	Globant	MAS TECH DIGITAL
CYTOMX	PBR	ONON	Capricor	SMITH DOUGLAS HOMES	JACK	CanadianSolar	KULR	
Seadrill	PETROBRAS	CAMT	AVINO	SOWG	In the Zone	BRAGG	CREDICORP	
ORGANIGRAM	microvast	Camtek	VXRT	FRONTVIEW	INVIVY	EXPION360		
CEPU	NUSCALE	huya	VAXART					
Central Puerto	http://eps.sh/cal							

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

## SRAD

### Sportradar Group AG Beat Expectations

Monday, May 12, 2025 at 7:00 AM ET

Sportradar Group AG (SRAD) reported earnings of \$0.07 per share on revenue of \$327.40 million for the first quarter ended March 2025. The consensus earnings estimate was \$0.05 per share on revenue of \$350.93 million. The Earnings Whisper number was \$0.06 per share. The company beat expectations by 16.67% while revenue grew 13.41% on a year-over-year basis.

The company said it continues to expect 2025 revenue of at least \$1.438 billion. The current consensus revenue estimate is \$1.446 billion for the year ending December 31, 2025.

Sportradar is the leading global sports technology company creating immersive experiences for sports fans and bettors.



## ASTS

### AST SpaceMobile Missed Expectations

Monday, May 12, 2025 at 4:30 PM ET

AST SpaceMobile (ASTS) reported a loss of \$0.20 per share on revenue of \$0.72 million for the first quarter ended March 2025. The consensus estimate was a loss of \$0.17 per share on revenue of \$4.33 million. The Earnings Whisper number was a loss of \$0.15 per share. The company missed expectations by 33.33% while revenue grew 43.60% on a year-over-year basis.

AST SpaceMobile, Inc. is building the first and only global cellular broadband network in space to operate directly with standard, unmodified mobile devices based on our extensive IP and patent portfolio.



## CYBR

### CyberArk Beat Expectations

Tuesday, May 13, 2025 at 7:00 AM ET

CyberArk (CYBR) reported earnings of \$0.98 per share on revenue of \$317.60 million for the first quarter ended March 2025. The consensus earnings estimate was \$0.79 per share on revenue of \$305.66 million. The Earnings Whisper number was \$0.85 per share. The company beat expectations by 15.29% while revenue grew 43.35% on a year-over-year basis.

The company said it expects second quarter non-GAAP earnings of \$0.74 to \$0.81 per share on revenue of \$312.0 million to \$318.0 million. The current consensus earnings estimate is \$0.82 per share on revenue of \$310.97 million for the quarter ending June 30, 2025. The company also said it expects 2025 non-GAAP earnings of \$3.73 to \$3.85 per share on revenue of \$1.313 billion to \$1.323 billion. The company's previous guidance was earnings of \$3.55 to \$3.70 per share on revenue of \$1.308 billion to \$1.318 billion and the current consensus earnings estimate is \$3.86 per share on revenue of \$1.31 billion for the year ending December 31, 2025.

CyberArk is the global leader in Identity Security.



## LUNR – no report available

## UAA

### Under Armour Missed Expectations

Tuesday, May 13, 2025 at 6:55 AM ET

Under Armour (UAA) reported a loss of \$0.08 per share on revenue of \$1.18 billion for the fiscal fourth quarter ended March 2025. The consensus estimate was a loss of \$0.09 per share on revenue of \$1.16 billion. The Earnings Whisper number was \$0.07 per share. The company missed expectations by 214.29% while revenue fell 11.38% compared to the same quarter a year ago.

The company said it expects first quarter earnings of \$0.01 to \$0.03 per share on revenue of \$1.124 billion to \$1.136 billion. The current consensus estimate is for breakeven results on revenue of \$1.16 billion for the quarter ending June 30, 2025.

Under Armour, Inc. is a leading inventor, marketer and distributor of branded athletic performance apparel, footwear and accessories.





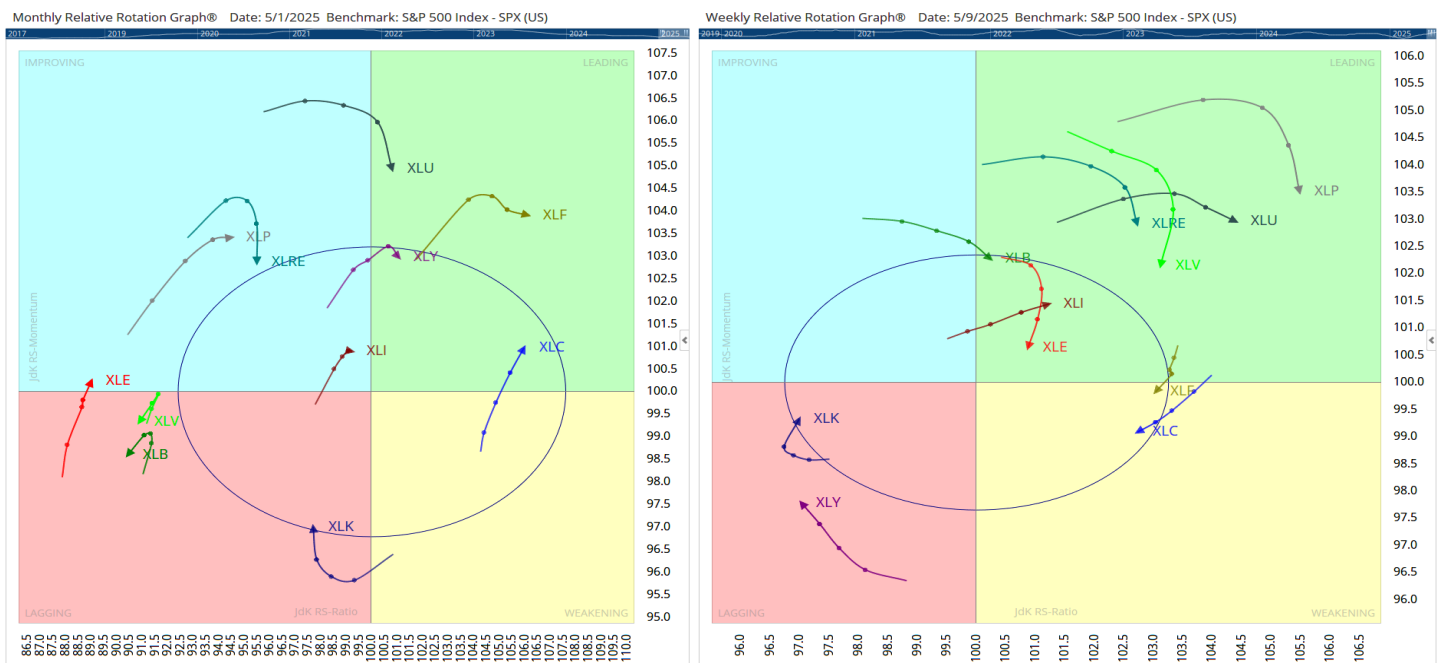
## Sector Rotation

The Weekly RRG indicates a near-term loss of relative momentum for Value Sectors, with **Healthcare** (XLV) and **Energy** (XLE) also showing declining relative strength. Notably, nine out of eleven sectors maintain higher relative strength against the **SPX**, with seven in the Leading Quadrant and two in the Weakening Quadrant.

In contrast, **Technology** (XLK) and **Consumer Discretionary** (XLY) remain in the Lagging Quadrant. However, the **XLK** is showing a new northeast hook, signaling a potential return of relative strength gains. While the **XLY** is experiencing relative momentum gains, its relative strength continues to decline, and it has not yet formed a similar reversal pattern.

Although a move back to the Leading Quadrant for **XLK** and **XLY** is not certain, a change in their momentum is evident. We will monitor these sectors for trading opportunities as their revitalized interest progresses over the coming weeks.

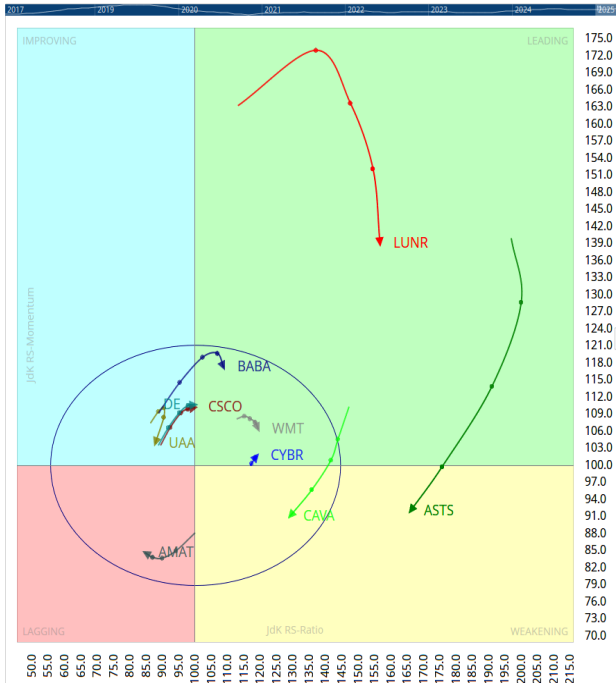
The Monthly RRG, for long-term investing, shows **Financials**, **Communications**, **Consumer Discretionary**, and **Utilities** in the Leading Quadrant. **Technology** (XLK) is in the Lagging Quadrant, showing increasing momentum. In the Lagging Quadrant, **Energy** (XLE) also has rising momentum but low relative strength, while **Healthcare** (XLV) and **Materials** (XLB) show rapid declines in both.



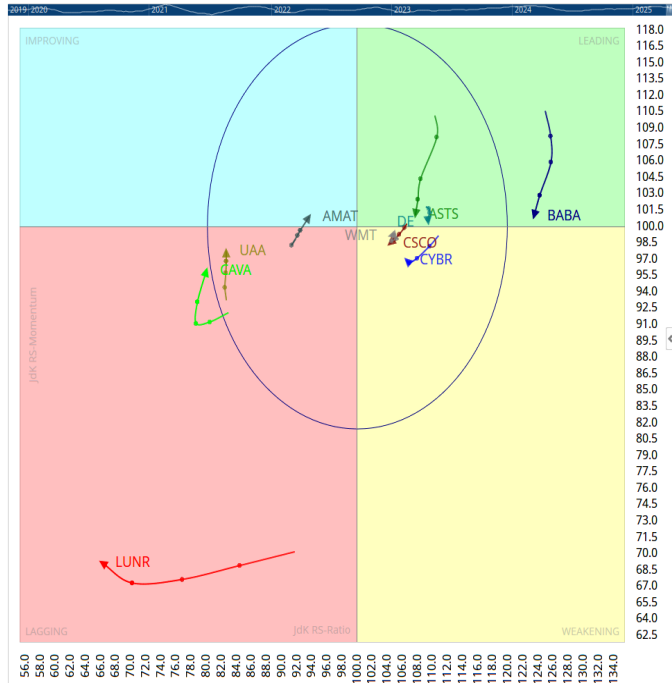
Monthly and Weekly RRG for the selected stocks with Earnings Reports this week

## SRAD, ASTS, CYBR, LUNR, UAA, CSCO, BABA, WMT, DE, AMAT, CAVA

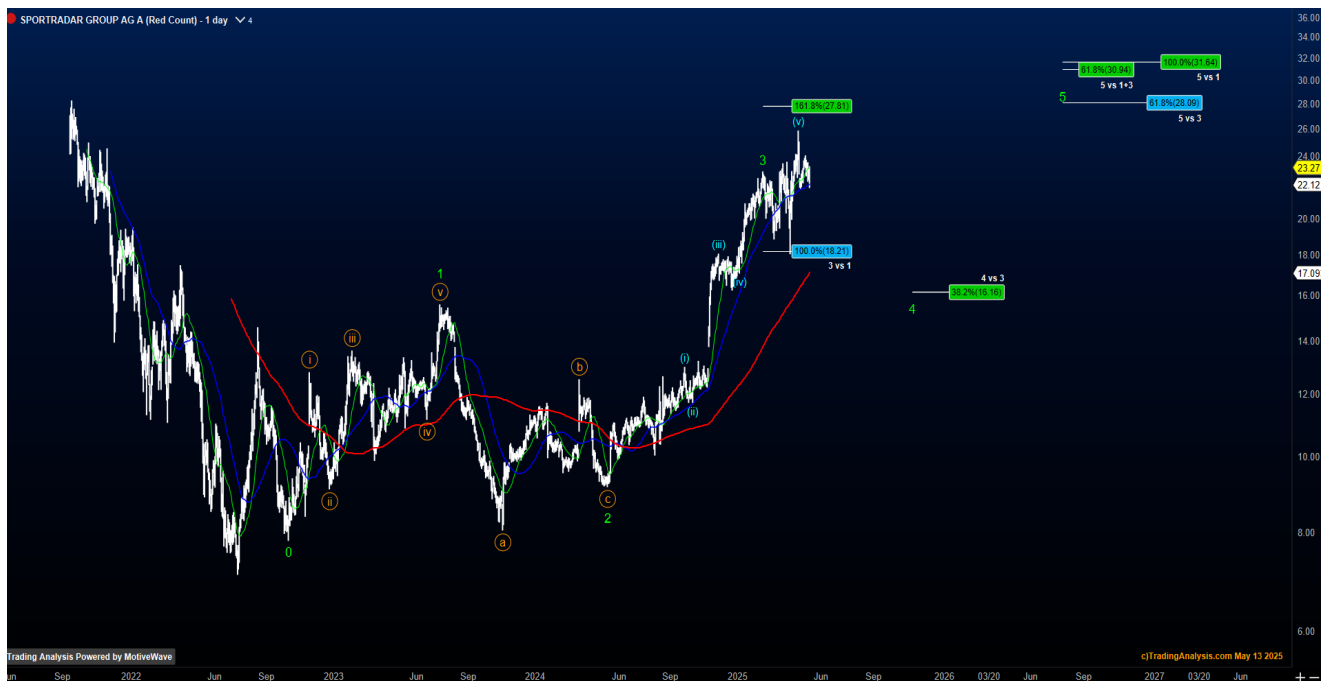
Monthly Relative Rotation Graph® Date: 5/1/2025 Benchmark: S&P 500 Index - SPX (US)

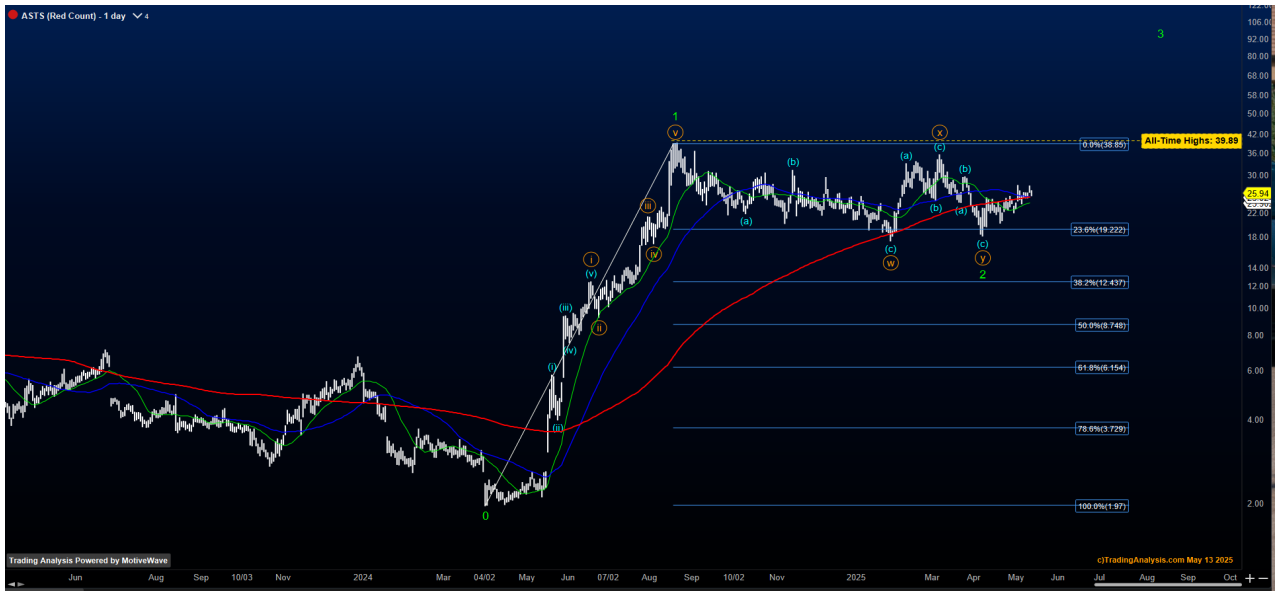


Weekly Relative Rotation Graph® Date: 5/9/2025 Benchmark: S&P 500 Index - SPX (US)

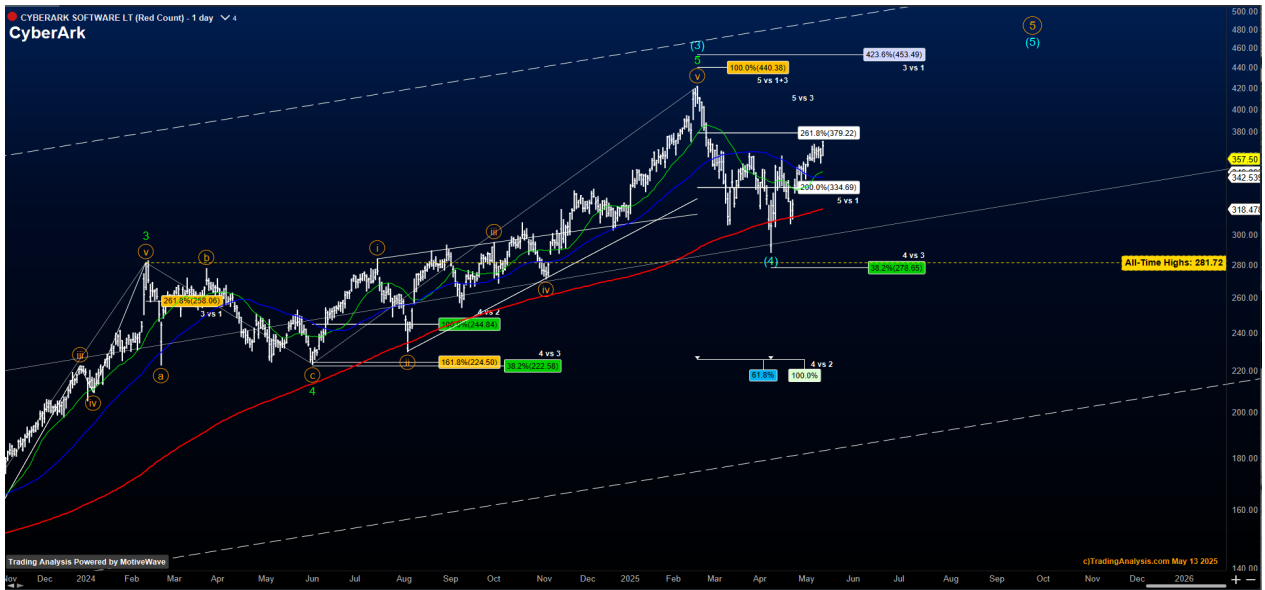


## SRAD

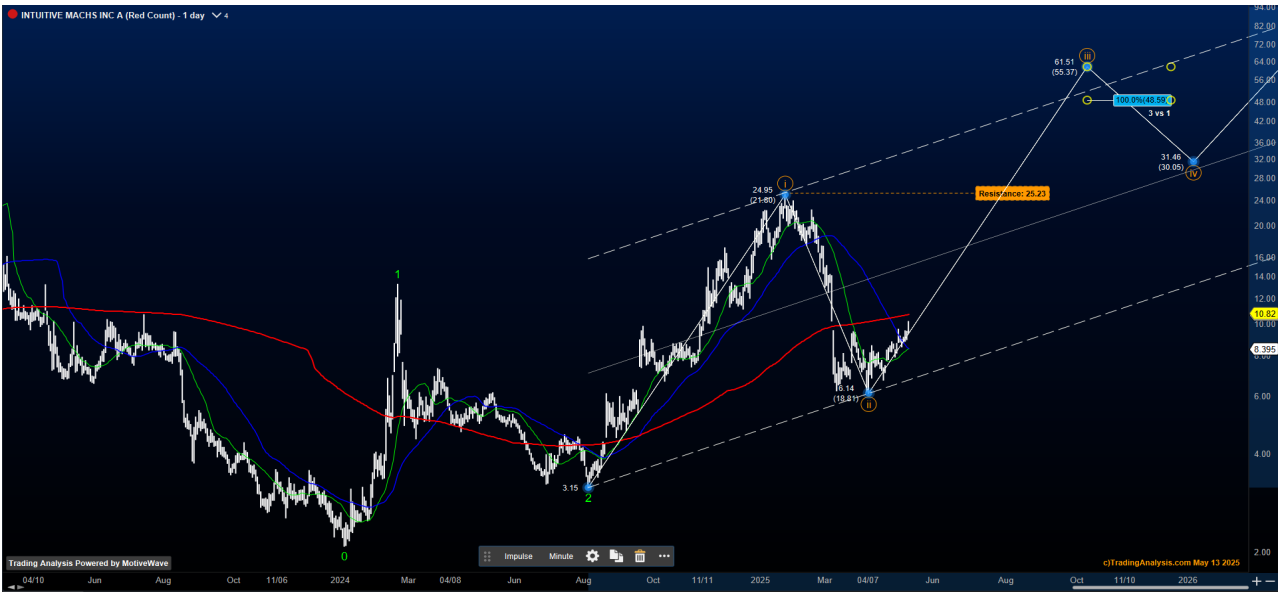


**ASTS**

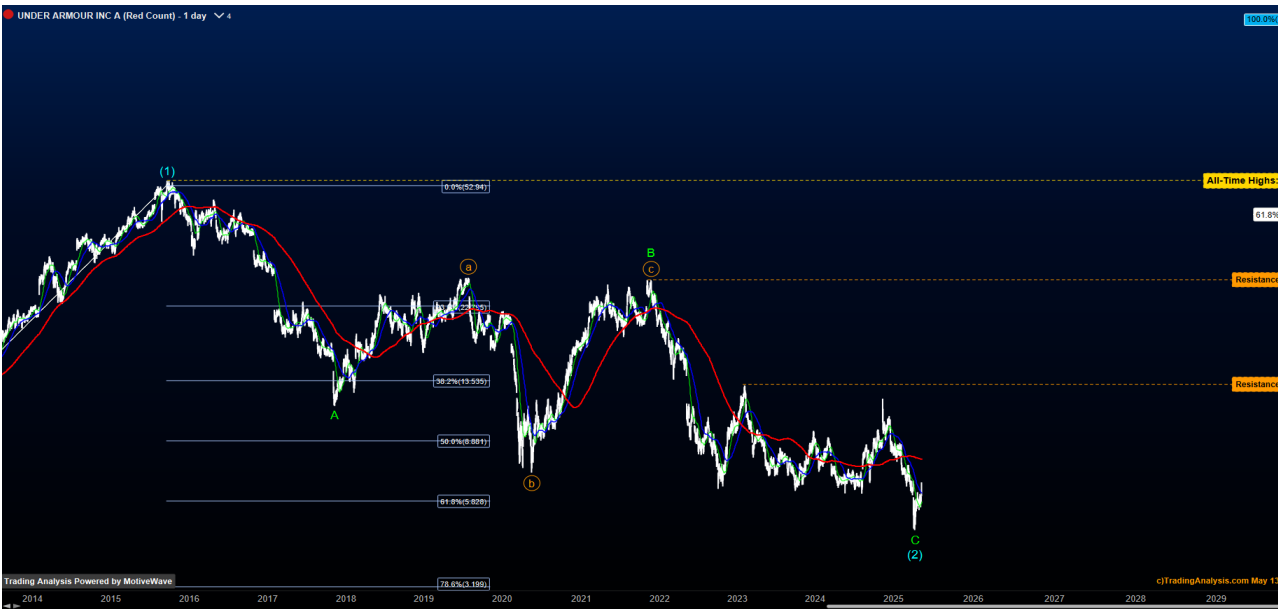
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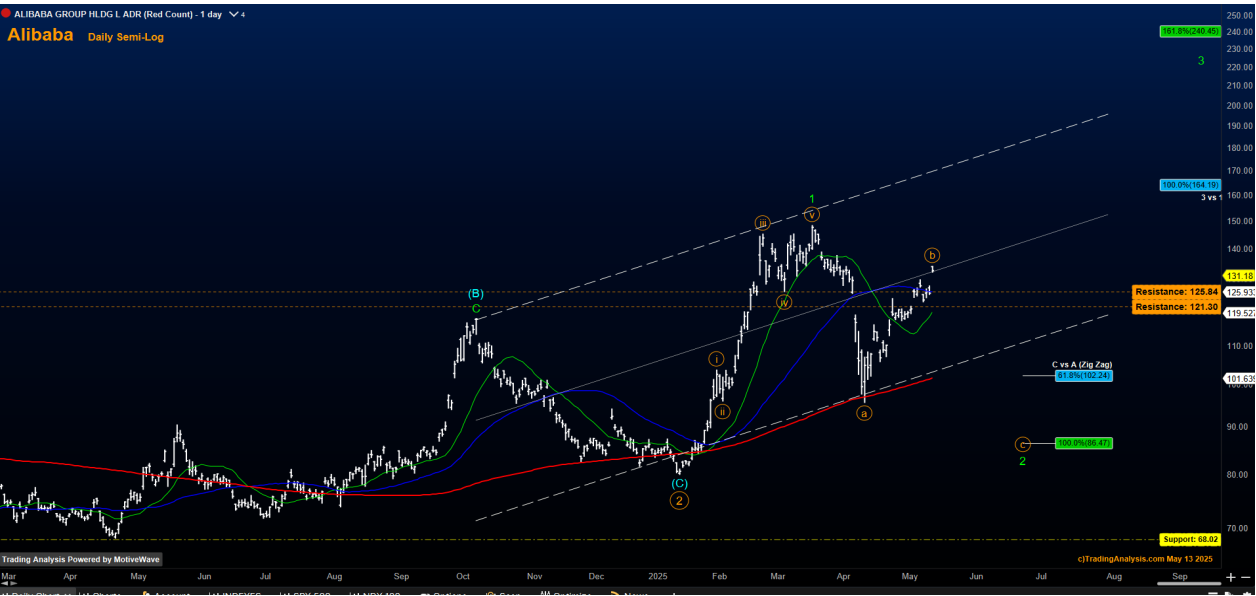
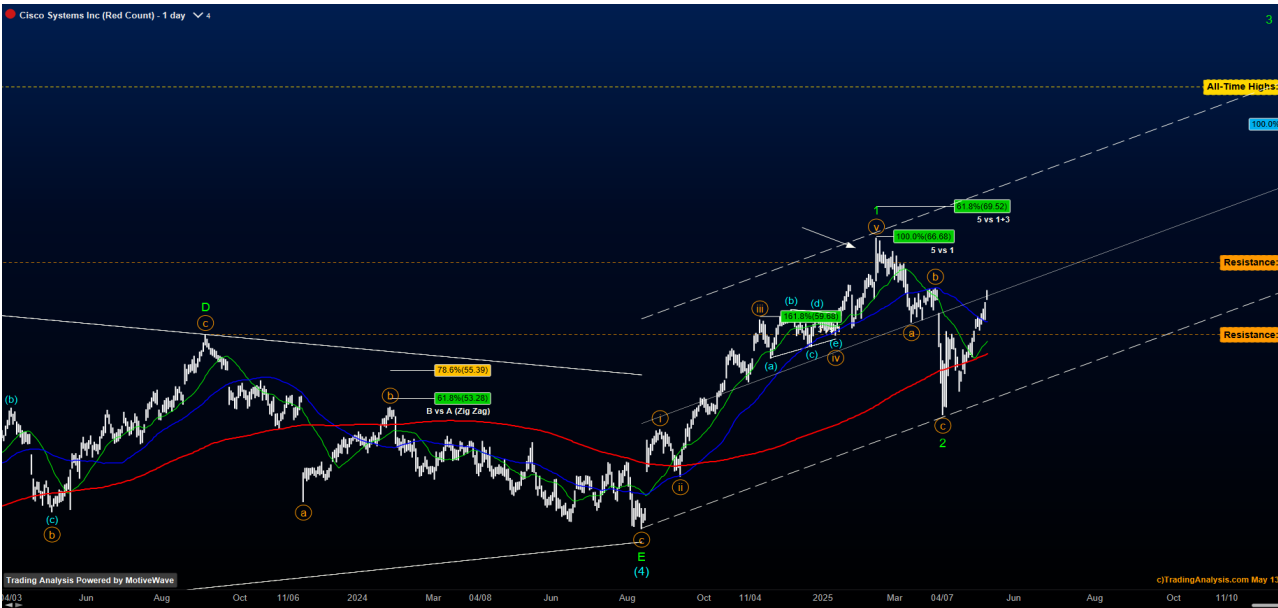


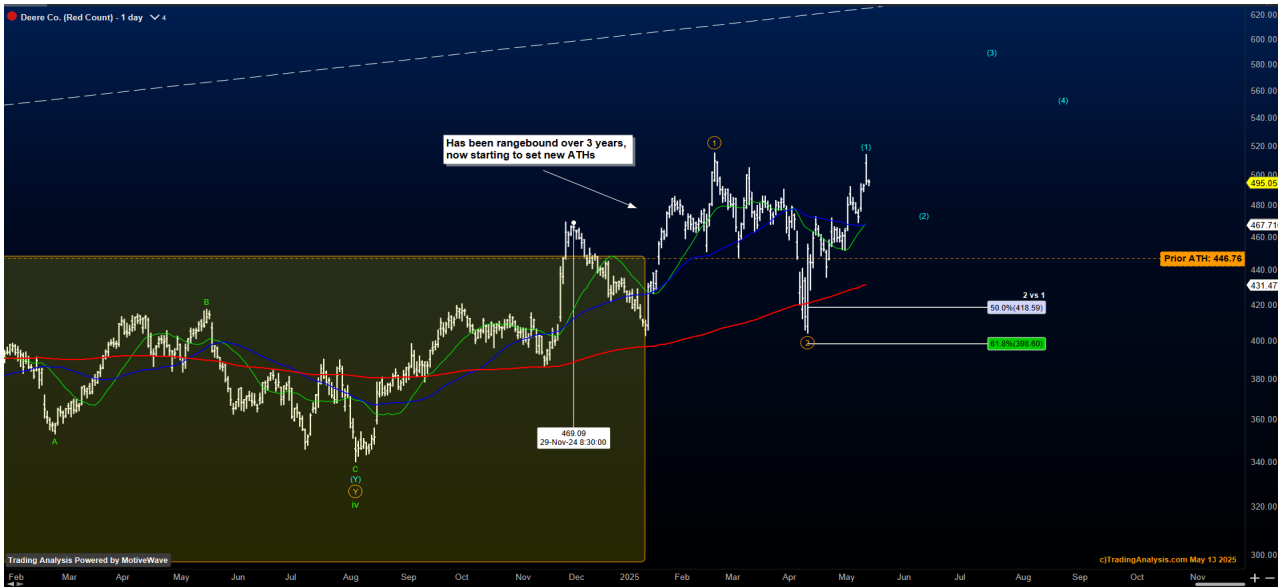
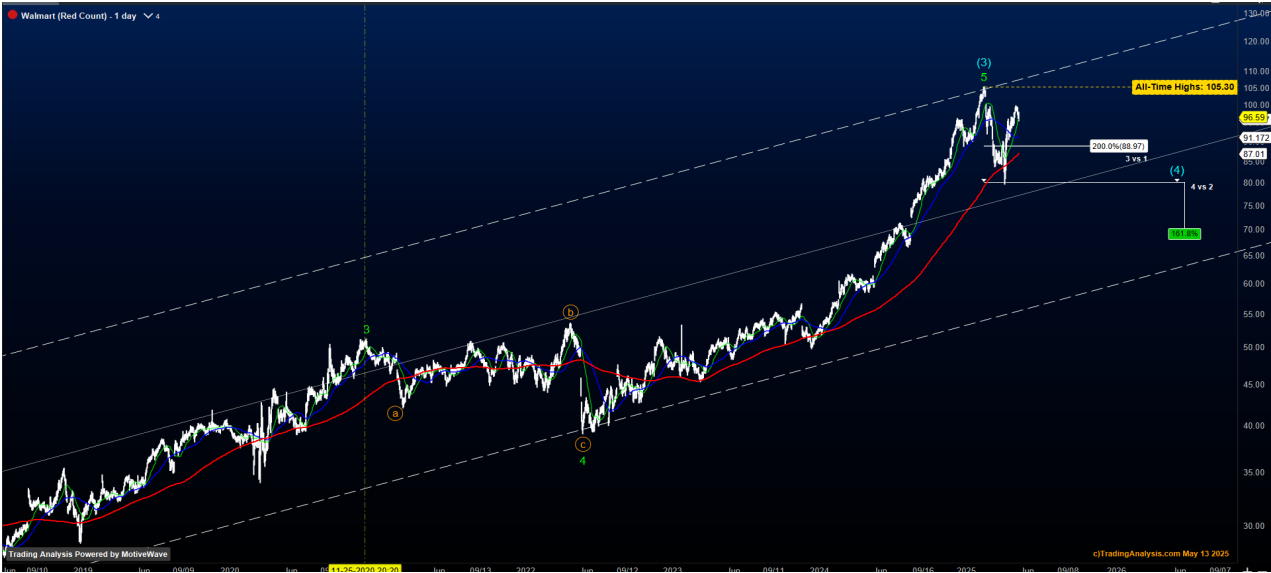
LUNR



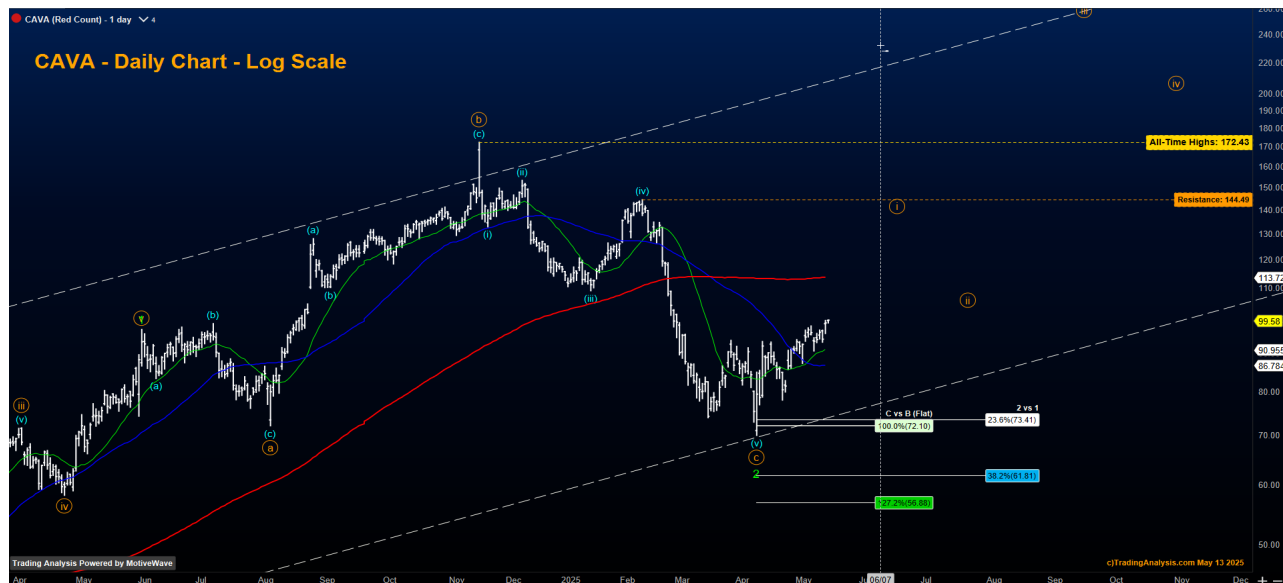
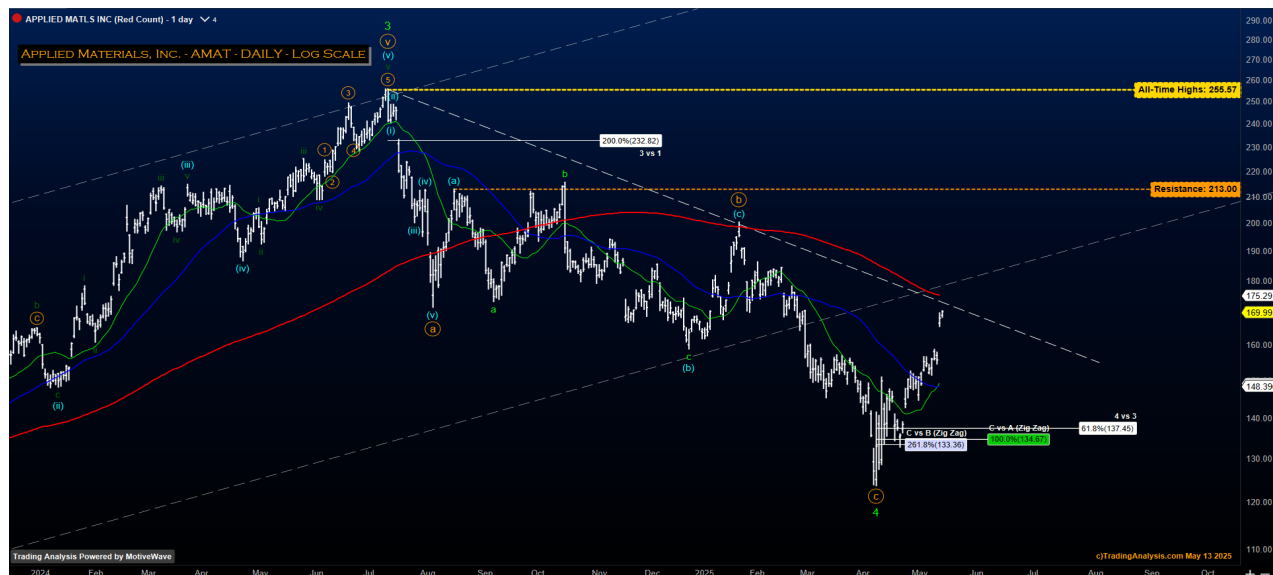
UAA











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