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THURSDAY'S BOUNCE LOOKS PREMATURE TO TRUST WITH SPX PRESSING DIRECTLY INTO TRENDLINE RESISTANCE

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Key Takeaways

- $SPX's +1.66% rebound to 7,437 marks near-term resistance and has failed to exceed the downtrend from the July peaks near 7,480. Given momentum's negative slope and no DeMark-related exhaustion signals in place, it's difficult to have much conviction that Wednesday's low and the subsequent Thursday surge were all that meaningful.
- $XLI's violation of its uptrend from the April lows marks Industrials as a group which has begun to weaken in recent days, notable given its push back to new all-time highs just a few weeks ago.
- $AAPL's post-earnings pullback needs to hold $317 by Friday's close to expect that support has held; meanwhile, $AMZN's post-earnings surge is bullish but faces strong initial resistance at 258.

US equities enjoyed their best session in weeks on Thursday, but while a 1.5% bounce looks impressive on the surface, it did not exceed the downtrend from the July peaks, momentum remains negatively sloped, and no DeMark-related exhaustion signals are present that would suggest a meaningful low is in place. Thus, I don't have a lot of conviction that Wednesday marked the low, and this remains a trading environment — not really one where buying dips can be counted on to be successful for those with short-term time horizons. While I do suspect the selloff in Technology is in its latter stages ahead of an expected cyclical bottom by mid-August, it's hard just yet to call for a low without much technical proof, and until $SPX can recoup 7,480 on a daily close, the burden of proof rests with the bulls. The larger cross-asset concern remains the long end of the Treasury curve, as Wednesday's post-FOMC breakout in 30-year yields to the highest daily close since 2007 shows little immediate sign of being complete, and equities could very well stay choppy until long rates begin to stabilize. WTI crude, meanwhile, looks close to peaking near resistance and should turn back down toward the low $70s in the days ahead, while the US dollar should be nearing trading support following a

sharp two-day decline. Overall, these gyrations suggest cross-asset volatility remains ongoing and has not really begun to dissipate. Bottom line, it arguably remains right to stay patient rather than chase strength, as downtrends remain intact and the rotation doesn't look complete.

Thursday evening's mega-cap earnings gave a decidedly mixed message, similar to Wednesday's, when $MSFT proved better than the Street anticipated while $META was worse. Tonight, $AMZN pushed up as much as 8% in post-market trading while $AAPL slipped back roughly 4% toward its key $320 breakout area. Two straight nights of split reactions from the largest names in $QQQ reinforce my thinking that Technology's bottoming process remains just that — a process, not an event — and it's proper to let this consolidation marinate a bit longer rather than rushing to call Thursday's snapback the low.

Meanwhile, the deterioration in Industrials following its push to new all-time highs just a few weeks ago serves as a reminder that this market's rotation continues to shift quickly beneath the surface. Healthcare and Financials continue to do the heavy lifting for the equal-weighted $SPX, and until breadth genuinely cracks — which it has not — this remains a rotational, range-bound tape where trend-following discipline and patience matter more than aggressive positioning in either direction.

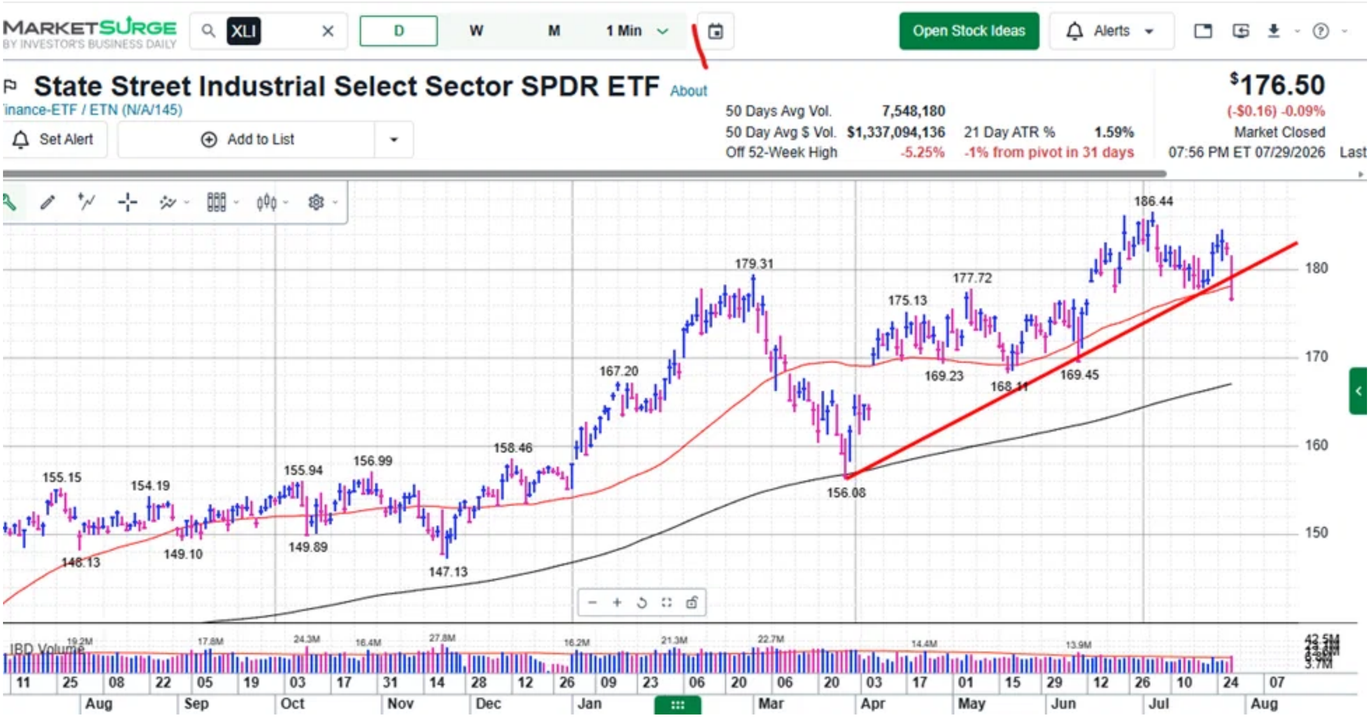
As shown below, $SPX pressed up sharply but failed to make any significant technical breakout, and momentum on both a daily and weekly timeframe remains negatively sloped. I suspect that some backing and filling could be likely into next week, and the near-term trends from early July remain bearish as part of a neutral consolidation that's been underway since May.

Until/unless $SPX carries higher to break the downtrend, I'm more likely to be patient and not rush to think today's move was the start of anything meaningful.

S&P 500 Index ($SPX, daily) — Thursday's bounce carried directly into the downtrend from the July peaks, which should prove difficult to exceed right away

Source: TradingView

Industrial Select Sector SPDR ETF ($XLI, daily) — Violation of the uptrend from the April lows signals Industrials have begun to weaken



Source: MarketSurge

Industrials have begun to weaken as $XLI violates its uptrend from the April lows

$XLI has now violated the uptrend connecting its April lows near $156.08, and this is one group which has started to weaken in recent days — notable given its push back to new all-time highs at $186.44 just a few weeks ago. Thursday's close at $176.50 leaves the ETF roughly -5.25% off its 52-week high, and the trendline break suggests this pullback likely has further to run before finding meaningful support.

Initial downside targets lie near $169–$169.50, the area of the June consolidation lows, with the rising 200-day m.a. near $167 below that providing stronger structural support. On any further weakness, that $167–$169.50 zone represents the area where risk/reward would begin to look attractive again for this group.

This deterioration matters more for near-term positioning than for the intermediate-term picture, as $XLI's larger uptrend from last year remains very much intact. However, following such a persistent run off the April lows, it looks premature to buy this dip right away, and it's proper to let this group consolidate a bit before getting aggressive. Industrials' fade is also worth watching in the context of rotation: with

Healthcare and Financials continuing to do the heavy lifting, a stalling out in Industrials removes one of the groups which had helped power the equal-weighted $SPX to new all-time highs earlier this week.

Apple Inc. ($AAPL, weekly) — Post-earnings pullback could result in broader average weakness given $AAPL's size; holding 317 by Friday's close initially looks important

Source: TradingView

$AAPL needs to hold $320 following earnings; a weekly close below would postpone further gains

$AAPL closed Thursday's regular session at $333.43 but slipped roughly 6% in post-market trading following earnings, pulling shares back toward $314 as of 7:30 p.m. EST — below the area of the former spring peak as well as a violation of the uptrend from late June.

Importantly, $AAPL had run up quite sharply into earnings, so some backing and filling here makes perfect sense, but the stock will need to bounce in Friday's session to avoid showing further near-term weakness over the next 1–2 weeks.

In my view, any failure in holding $317 "opens the door" to potential weakness down to $309, then $301. However, the good news is that this weakness looks short-term only and likely doesn't result in any meaningful intermediate-term damage.

$AAPL's weekly uptrend from its 2025 lows remains firmly intact, and momentum, while stretched following the run from the high $270s to $344.57, has not shown the kind of divergence that typically precedes meaningful peaks.

Bottom line, I think it's important to await stabilization in Friday's trading and some evidence of strength before looking to buy into a decline which might happen on above-average volume on Friday. However, I do feel that weakness makes the stock more attractive on an intermediate-term basis given that $AAPL remains above its long-term bullish uptrend line.

Amazon.com Inc. ($AMZN, weekly) — Post-earnings surge is bullish, though former peaks at 254–262 represent strong initial resistance

Source: TradingView

$AMZN's post-earnings surge is bullish, but 258 marks strong initial resistance

$AMZN gained +1.46% in Thursday's regular session to close at $235.50 before surging as much as 13.7% in post-market trading toward $257 following earnings. This is a bullish development near-term, but requires a bit more strength to expect an immediate push back to highs.

Specifically, the post-market move carries $AMZN directly into a zone of strong initial resistance at $258, the area of the former peaks from mid-July that were made less than two weeks ago.

This area looks important for the days ahead and might result in some initial resistance on Friday. However, the ability to generate a weekly close back over $258 would be quite positive toward reasserting the uptrend from late June, which could test all-time high territory just below $280.

Within the Mag 7 complex, $AMZN's reaction is an important offset to $AAPL's post-earnings weakness, and on balance Thursday evening's earnings takeaway looks roughly neutral for $QQQ — consistent with my view that Technology's bottoming process needs more time. Dips in $AMZN toward $240–$245 following this gap should encounter meaningful technical support.

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