Financial Research Education & Data

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Trading Week Starting
April 21, 2025

The FRED Report

Summary of Market View

In Stocks we discuss the market and options expiration, then look at three stocks of interest. Two of these are trading much better than the market, and one is in line with the market. We were looking for a down week to set up a rally and are still looking for this. In Fixed Income, we look at two of the Junk Bond ETFs, in answer to a question from a client.

In Commodities, we look at the currencies. We discuss some of the currency ETFs. Note that it is hard to find a chart of the actual dollar index, but it is available on Bigcharts.com using the symbol DXY. We look at UUP (Invesco® DB US Dollar Bullish Fund), FXE (Invesco® Currency Shares Euro Trust), and FXY (Invesco® Currency Shares Japanese Yen Trust). In International, we look at Argentina and Brazil, and then follow that with a discussion of broad-based Latin America in Chart of Interest.

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Special points of interest:

- The indicators still suggest this is a bottoming pattern and that a retest of the closing low on SPY is possible.
- We would like to see a down open on Monday, maybe another small down day, and then the rest of the week should be up.

Stocks Review

Options expiration week traded about as we expected, with some ups and downs, ending with key indexes such as SPY (SPDR® S&P 500 Trust) and QQQ (Invesco® QQQ NASDAQ 100 ETF) moving above and below various strikes, before closing just off the key 525-area. The indicators still suggest this is a bottoming pattern and that a retest of the closing low on SPY is possible, but that this could also occur on other indexes – it is something to watch, but SPY would be normal. This should be an up week – recall we were looking for a down week last week to set up a rally. We would like to see a down open on Monday, maybe another small down day, and then the rest of the week should be up.

Rather than chart some of the indexes, we are going to look at three stocks of interest to participants on our conference calls. We will look at NVDA, WMT, and PLTR.

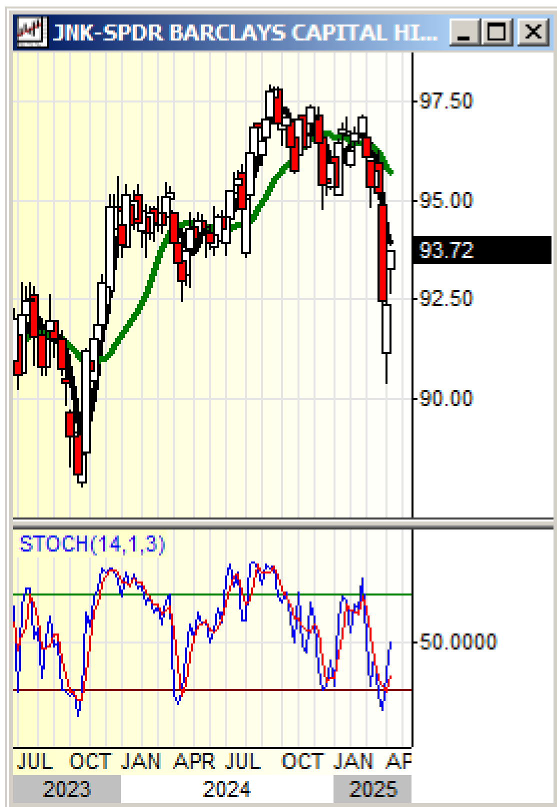
NVDA has been trading down a bit, ostensibly because of a Merrill downgrade. In our view, this contributed but it was mostly due to expiration shenanigans. Also, this has been a range between 100 and 150 since July 2024. We think traders will have the opportunity to sell it at 135 to 140. This is our least favorite of these three names short-term.

WMT is one of our favorites in the Sector Review. It has been showing positive relative strength vs. SPY for most of April. It is trading above the March consolidation it broke down from when SPY is still below it. This is interesting, because WMT has lots of exposure to China. My interpretation of this is that the market does not think this tariff issue is going to end badly. If this can move through 95-area resistance it could make new highs from here.

PLTR is trading well and is near the top end of the March consolidation. A move above the 100-area resistance would target new highs fairly soon, in our view. Watch these three names, especially WMT and PLTR, if the market rallies this week, as we project. They should continue to outperform. We show daily charts and suggest looking at the weeklies for more perspective.

Fixed Income Review

We will take a look at two of the Junk Bond ETFs we follow. These are HYG (iShares® Corporate High Yield Bond) and JNK (SPDR Barclay's High Yield bond ETF). These have traded a bit more in line with stocks. We cover HYG in the Monthly. Note HYG has held the 75-area support so far, and the daily stochastic is in buy mode, with a weekly buy recycle. This looks like a range from 75 to 80. The yield on this is strong enough, at 5.95%. JNK is a similar chart but with a higher yield, at 6.8%. JNK looks a little worse but is also a trading range, with support at 90 and resistance at 95 and then 98 to100. The stochastic pattern is the same, with a daily buy and a weekly buy recycle. We have been asked about which of these to use, if you are going to use one. The answer is to use JNK. The higher yield makes up for the very slightly weaker chart.



Commodity Review

We have been asked about the dollar and will look at it here. We have not covered this since the start of the tariff situation. We will look at UUP (Invesco® DB US Dollar Bullish Fund), FXE (Invesco® Currency Shares Euro Trust), and FXY (Invesco® Currency Shares Japanese Yen Trust). We look at these three units because the dollar ETF is a “basket” of currencies, and the two biggest currencies in the basket are the Euro and the Yen. The best way to look at it is that the Euro has at least twice the effect of any of the other currencies, and the Yen is the next largest weighting. So, the performance of FXE and FXY are the key to understanding the dollar. We will show monthly charts of these as the long-term trends have shown extreme price movement. Understand that trends in currencies are generally much longer than trends in other instruments but suggest looking at the short-term charts as well. Obviously, if you have questions feel free to email and we will answer your questions.

First, let’s look at UUP. The first thing to notice is that UUP has been a big uptrend, really since 2008 but certainly since 2014. It is time for some correction/consolidation and there has been short-term weakness. UUP is testing first support but unless this moves below 25 it is still intermediate-term up. A move above 32 would be strong and suggest the long-term uptrend is resuming. Our forecast for this year is a trading range, and we see no reason to alter it.

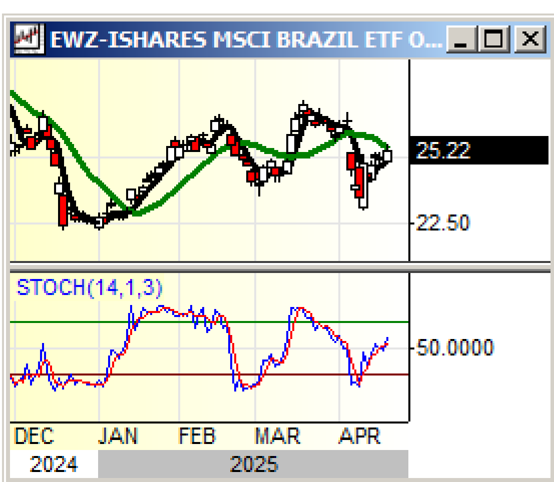
The main concern we have about our short-term view is that FXE is stronger than FXY. We have been expecting a move to the 105-area and this has occurred, but the chart looks stronger than we expected and it could challenge the next resistance at 110. The dollar could be weak for summer travel to Europe! You can also see the downtrend from 2015 or so to now. FXY has been astonishingly weak, losing close to 40% of its value relative to the dollar since 2014. It is still trading weaker, as we expected to see it at 67 when FXE hit 105. The 65-area is resistance so it may pause here. We would not be invested in FXY, and have been recommending DXJ longer-term, but adding short-term positions in EWJ to take advantage of current dollar weakness.

International Review

We have not looked at Latin America since the start of the tariff imbroglio. Today we will look at ARGT (Global X FTSE Argentina 20 ETF) and EWZ (iShares® MSCI Brazil Index Fund). The tariff reaction has not changed the technical rankings of these or had much other effect outside of a normal correction.

ARGT is still the strongest of these, and it has held above intermediate support in the 65-area. ARGT has already rallied back to resistance in the 96-area. The daily stochastic buy recycled and is already overbought. The weekly is down from a sell and is already turning up in a high-risk buy pattern. We are taking this as a sign of relative strength but if we are wrong about that, it would imply a more severe retest. For now, we would look for a possible pullback to 77 or so. It could be as little as 81, where we have some support.

EWZ is the biggest South American country (more about this in the "Chart of Interest" section). It has support from 24 to 22 or so. That support goes back to 2023. Resistance is 28 or so. Note that this made the last all-time high in 2020, before the pandemic. We would not use this, but to be complete, the daily stochastic is in buy mode and the weekly is a sell pattern in an intermediate downtrend. We would use ARGT in portfolios and have recommended some Argentinean financials as well.



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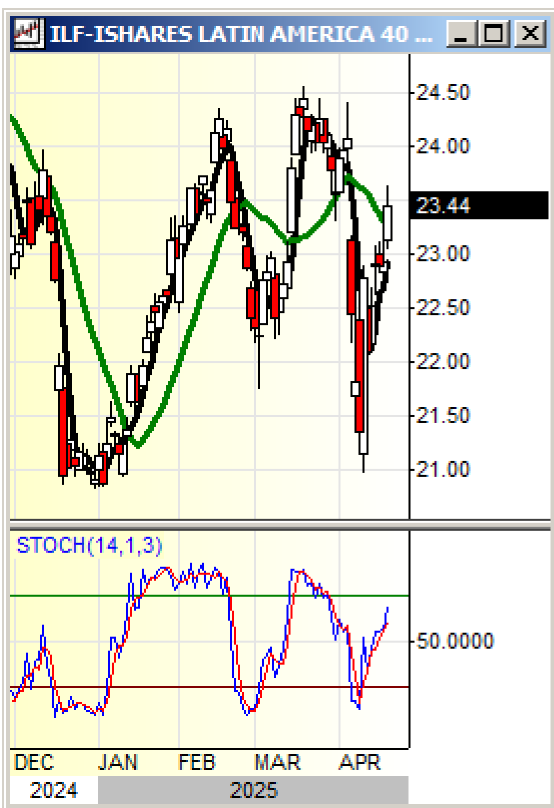
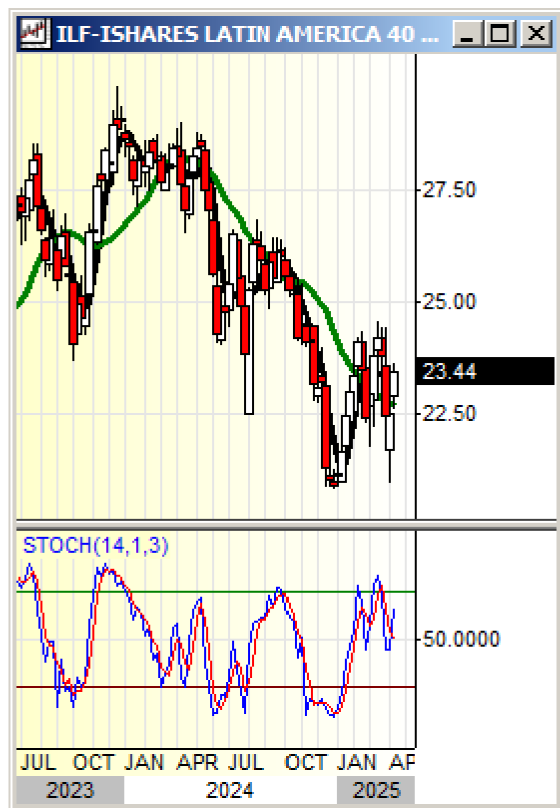
Weekly Chart of Interest

We will look at ILF (iShares® S&P Latin America 40 Index Fund). It is possible to use this as a core holding for the region, while using ARGT as your main satellite. ILF is around 65% Brazil, which is weak as we mentioned in the International Section. However, it includes ARGT and GXG (Global X Interbolsa FTSE Columbia 20 ETF), both stronger than Brazil. ILF is a similar, but stronger chart when compared with EWZ so it is a better way to get Brazilian exposure. We show charts, below.





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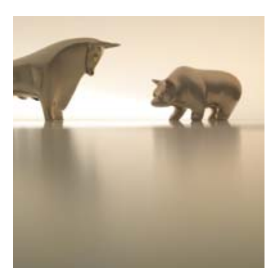

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