

## Can Nvidia Recover From Last Week?

The S&P 500 finished last week **down 1.00%**. Fundstrat Head of Research Tom Lee described that as **“a pretty solid result,” considering the disruptive news coming from China’s DeepSeek** on Monday. The startup announced a cutting-edge, high-performing AI model that was purportedly developed and trained at significantly lower cost, using less-advanced, lower-powered chips.

Many in Silicon Valley find these claims credible, but **regardless of their accuracy, DeepSeek’s claims called into question the thesis for AI spending and investment**, sending markets in a panic. Perhaps the most visible evidence of that panic was Nvidia, whose shares fell 17% on Monday – its ninth-worst single-day decline ever. But as Lee reminded us, **“AI remains a multidecade story**, and Nvidia is still the leading company in the story of AI. In terms of developing the best chips, it continues to be far ahead of anyone else.”

Head of Technical Strategy Mark Newton noted **despite the turbulence on Monday** in the markets, the advance-decline ratio was, in his view, “fine.” “In fact,” he added, “the 10-day **ratio of the advancing stocks to declines spiked to the highest levels we’ve seen in quite some time**. To me, that’s actually a **very good sign for the stock market** overall, despite some of this short term sort of skittishness we’re seeing.”

Lee remains constructive for the year on equities. **“This week, and this month, have seen successful tests of the ‘resolve of the bulls,”** he told us. For him, this has implications for the rest of the year. “This is the ‘January barometer.’ As is often said, **‘as January goes so goes the year.’**” Since 1950, stocks have notched January gains 45 times. The **median full-year returns for stocks in those years is 19%, with an 89% win ratio**.

**The 2025 January barometer (S&P 500 rose 1.65% in the first month of 2025)** thus strengthens his constructive base-case outlook for the rest of 2025.



▶ Live Webinar and Q&A

# Mark Newton's Live Technical Analysis

February 4, 2025 @ 2pm ET



Mark Newton, CMT  
Head of Technical Strategy



## Chart of the Week

Perhaps the most visible evidence of the panic sparked by China's DeepSeek this week was Nvidia, whose shares fell 17% on Monday – its ninth-worst single-day decline ever. If we exclude bear markets and recessions, Monday's plunge was the fourth-worst single-day decline for \$NVDA ever. Yet as Fundstrat's Tom Lee pointed out, in each of the three worse (Aug 8, 2003, Aug. 6, 2004, and Mar. 16, 2020) non-recession single-day declines, that panic marked the bottom tick. "The stock staged a massive recovery after that bottom tick three out of three times," he noted, "and in my view, this is likely to happen again." This is illustrated in our Chart of the Week.

## Recent Flash Insights

**Mark L. Newton, CMT<sub>AC</sub>**Head of Technical Strategy

Movement in **AAPL ▼-0.95%** , **NVDA ▼-3.55%** , **AMD ▼-2.38%** are not constructive within Technology and today's reversal likely points to some backing and filling next week in SPX, QQQ as well as the Semiconductor index SOX. Breadth has turned nearly 3/1 negative, but i feel the market is misinterpreting the Tariff message, which itself has been mixed in recent days and not totally clear whether there will be carveouts or exceptions. Dollar also has been whipsawed today and it's right always to wait for the action vs. paying too much attention to the Message beforehand, if history is any guide. My target on NVDA in the short run is 110-112 and that should be an attractive area to consider buying dips. However, the last few days of rally attempt look to be failing and today is well off earlier highs and set to close near the lows of the session. AAPL also failed at resistance and is now down on the day near resistance. Overall, this is short-term consolidation only, not indicative of a breakdown in Technology. However, pullbacks in the Magnificent 7 over the next week make this group attractive, and i do not expect "Mag 7" to turn into the "Lag 7" for very long. **NVDA ▼-3.55%** wave structure shown below. Have a nice weekend

Jan 31 • 4:00 PM



**Mark L. Newton, CMT<sub>AC</sub>**  
Head of Technical Strategy

**MSFT ▲N/A%**

weakness reaching lower end of this Triangle consolidation and worth watching carefully. I expect this should be a chance to buy dips with support at 410.72 being quite important. Any break of January lows would represent a big negative for MSFT and have a short term detrimental effect on Technology. This has not happened, but important to recognize that MSFT is right near this key level



Jan 30 • 12:15 PM



**Tom Lee, CFA, CFA<sub>AC</sub>**  
Head of Research

Jan FOMC was a non-event but Fed Chair Powell noted that inflation likely set to cool in next few months given the easier comparisons – this is what we have been saying.

- this evening and Thu eve, 4 of MAG7 report
- likely positive catalysts for stocks

Jan 29 • 4:01 PM

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*FSI Video: Weekly Highlight*

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*Key incoming data*

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- ~~1/27 8:30 AM ET: Dec Chicago Fed Nat Activity Index~~ **Tame**
- ~~1/27 10:00 AM ET: Dec New Home Sales~~ **Tame**
- ~~1/27 10:30 AM ET: Jan Dallas Fed Manuf. Activity Survey~~ **Tame**
- ~~1/28 9:00 AM ET: Nov S&P CoreLogic CS home price~~ **Tame**
- ~~1/28 10:00 AM ET: Jan Conference Board Consumer Confidence~~ **Tame**
- ~~1/28 10:00 AM ET: Dec P Durable Goods Orders~~ **Tame**
- ~~1/29 2:00 PM ET: Jan FOMC Decision~~ **Tame**
- ~~1/30 8:30 AM ET: 4Q A 2024 GDP~~ **Tame**
- ~~1/31 8:30 AM ET: Dec PCE Deflator~~ **Tame**



- ~~1/31 8:30 AM ET: 4Q Employment Cost Index~~ **Tame**
- 2/3 9:45 AM ET: Jan F S&P Global Manufacturing PMI
- 2/3 10:00 AM ET: Jan ISM Manufacturing PMI
- 2/4 10:00 AM ET: Dec JOLTS Job Openings
- 2/4 10:00 AM ET: Dec F Durable Goods Orders
- 2/5 8:30 AM ET: Dec Trade Balance
- 2/5 9:45 AM ET: Jan F S&P Global Services PMI
- 2/5 10:00 AM ET: Jan ISM Services PMI
- 2/6 8:30 AM ET: 4Q P Non-Farm Productivity
- 2/6 8:30 AM ET: 4Q P Unit Labor Costs
- 2/7 8:30 AM ET: Jan Non-Farm Payrolls
- 2/7 9:00 AM ET: Dec F Manheim Used Vehicle index
- 2/7 10:00 AM ET: Feb P U. Mich. Sentiment and Inflation Expectation

 **Live Webinar and Member Q&A**

# Market Update & Top Ideas

[Watch Replay Now](#)

  
Tom Lee, CFA  
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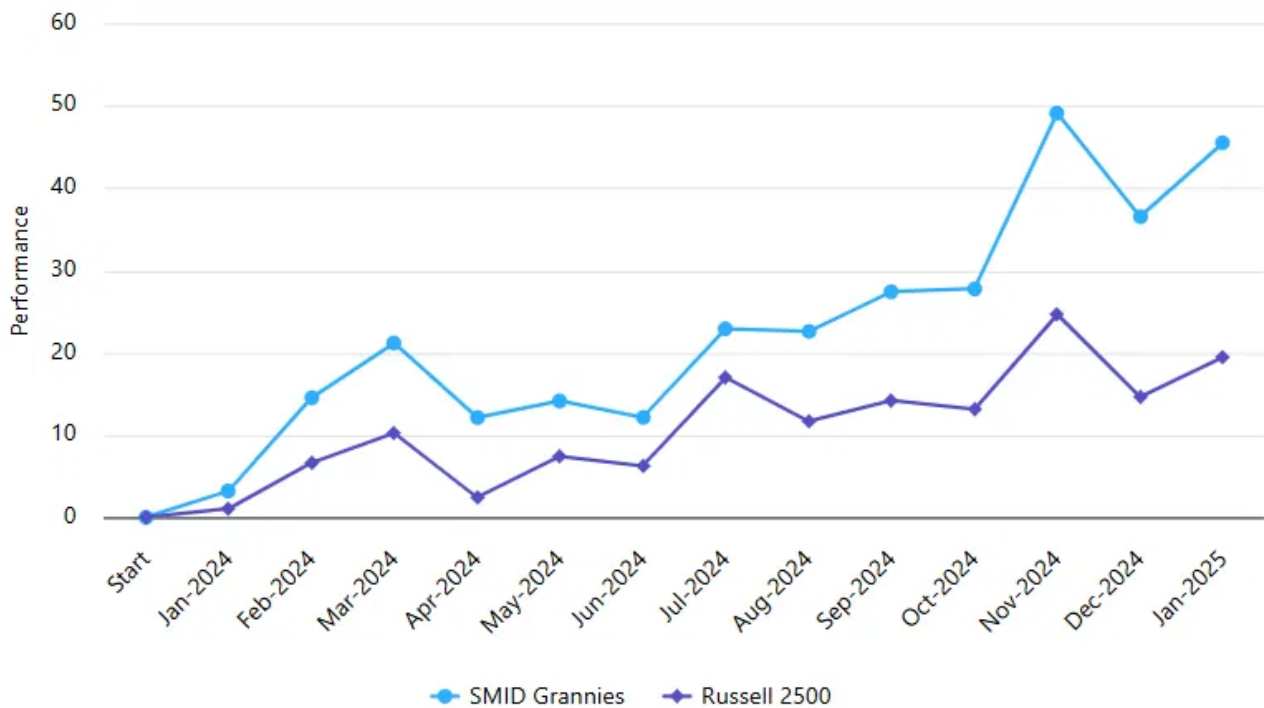






## Stock List Performance

### Inception to Date SMID Granny Shots Performance ( 16 of January 2024 )

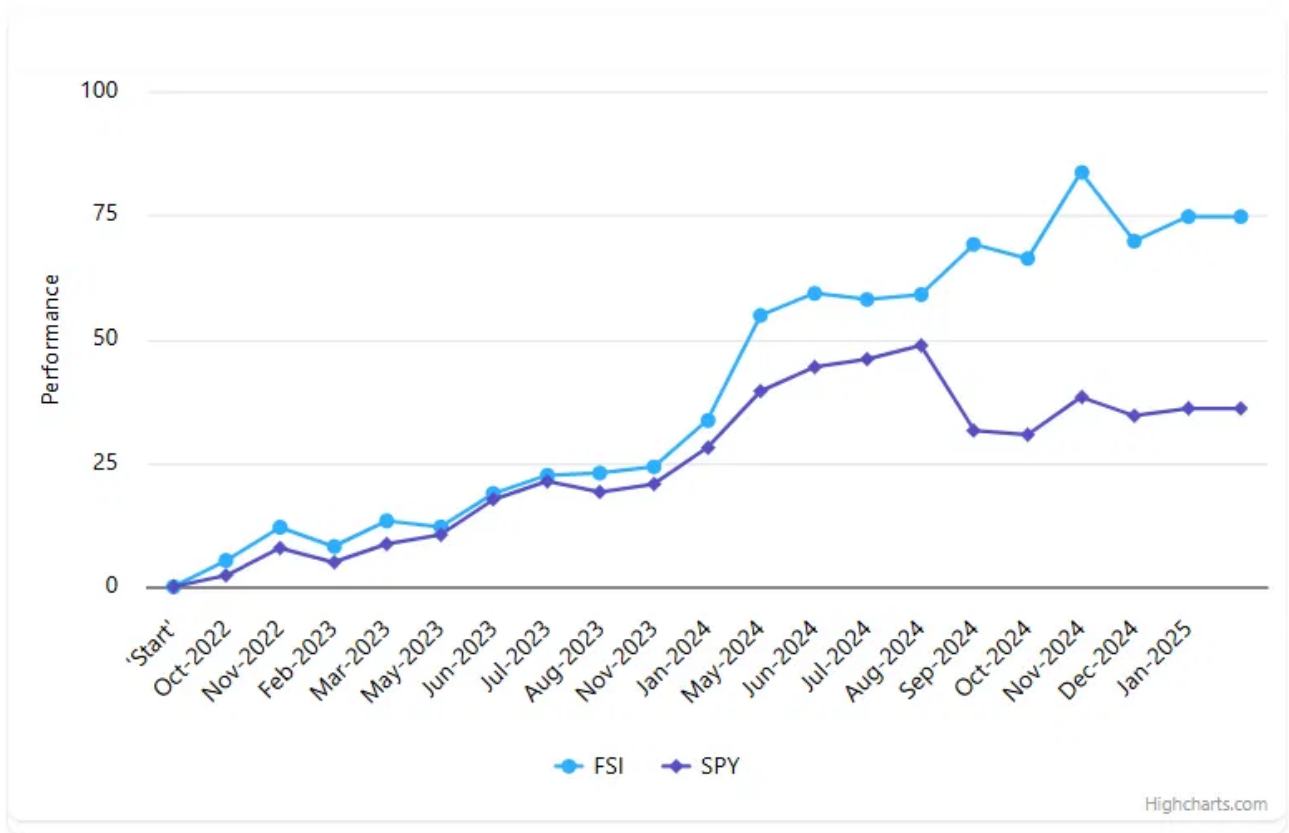


Highcharts.com

Performance period: January 16, 2024 through January 30, 2025



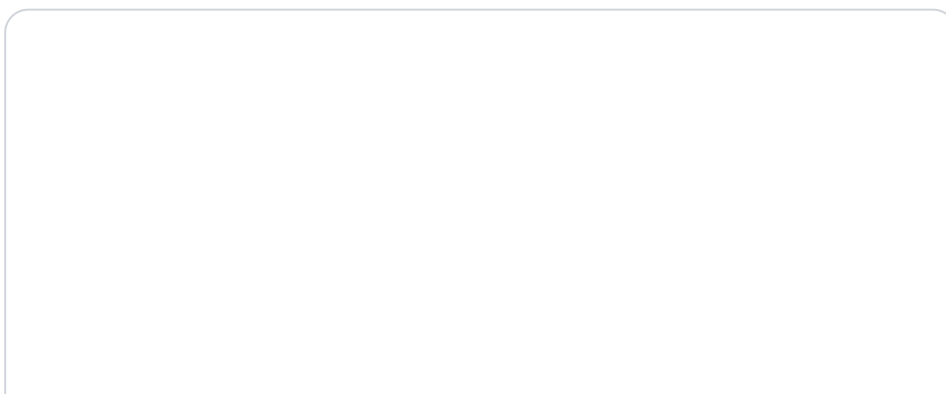
### Upticks Against the SPY ( Inception to Date )



- Upticks
- SPY

Performance period: October 5, 2022 through January 15, 2025

### In the News







Financials remain our top market sector, says Fundstrat's Tom Lee

Jan 27, 2025



Long-term market trends remain in very good shape, says Fundstrat's Mark Newton

Jan 16, 2025





Inflation is setting up for some good comps, says Fundstrat's Tom Lee

Jan 15, 2025



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