

Dip-Buying Shows Market Resilience

A **good week for the stock market quickly turned sour after** earnings disappointed from retail giant **Walmart** and reports emerged of a Department of Justice probe into **UnitedHealth Group**.

The S&P 500 **set fresh records** on Tuesday and Wednesday, **then fell to end the week down 1.66%**. The Nasdaq 100 had set records of its own on Tuesday, yet it fell 2.51% this week. The Dow Jones Industrial Average had just as bad a week, down 2.51% as well. Losses in the blue-chip index accelerated Friday after shares of healthcare titan UnitedHealth fell and a February survey from S&P Global showed declines in services-sector activity.

But Fundstrat Head of Research Tom Lee says it's been encouraging to see that **the market hasn't declined more, thanks to dip buyers** jumping in on any sign of market weakness. On Thursday, for example, Walmart warned investors about slower sales gains ahead, sending its shares plummeting down 6.53%. In contrast, the overall market slipped 0.43%, which Lee categorized as a "modest" retreat. "The S&P 500 has had many chances for a deeper sell-off, but these declines attract dip buyers," he observed.

For his part, Head of Technical Strategy Mark Newton has been encouraged by **recent signs of improved market breadth**. "We haven't seen any real deterioration in equities whatsoever," Newton said. "The bigger picture is that **the market is still in good shape**." He likes that Technology is leading the charge, even with highflyers like Meta and Palantir taking a pause from their rallies.

In the near-term Newton expects to see the markets continue to **consolidate over the next 3-5 days before posting a much larger push back to the upside**. "I'm bullish, but, yes, there's some things the market could do that would help to satisfy and make me a little more constructive that stocks can just simply trend up, and we're clearly not in that regime just yet," Newton said.

▶ Live Webinar and Q&A

Fireside Chat with Tom Lee & Anthony Scaramucci

February 26, 2025 @ 3pm ET



Tom Lee, CFA
Head of Research,
Fundstrat



Anthony Scaramucci
Founder & Managing Partner,
SkyBridge Capital



Chart of the Week

Investor sentiment is currently bearish, even though the S&P 500 is trading near all-time highs. As Fundstat's Tom Lee pointed out, this is highly unusual: There have been just 11 prior instances in which the S&P 500 was within 1% of a 52-week high while AAll's net bulls metric was at negative 15 percentage points or worse. History suggests this is a constructive signal. In those previous cases, the median 12-month return is 15.7%, with a win-ratio of 83%. Our Chart of the Week shows more details.

Recent Flash Insights



Mark L. Newton, CMT_{AC}
[Head of Technical Strategy](#)

One key reason to be positive on buying dips in Equities has to do with the correlation to Treasuries and seeing what's happening with Yields right now. 10-Year Treasury yields have only made a minor period of consolidation/bounce and are now headed back lower. Yields have declined sharply down to right above 2/14/25 lows at 4.447% and this is a crucial spot technically which i feel could be violated next week. Movement below 4.44% is more important structurally than 4.40% and will lead to a decline in yields down to 4.12. Thus, Equities are expected to enjoy a nice rally as this Treasury rally is ongoing, as i do not expect this correlation which has lasted nearly for three years.. to break down too substantially at this point. Overall, keep a close eye on both DXY and also TNX and under 4.44%, i suspect Equities should start to turn back higher back to new all-time highs. **NVDA ▼-3.67%** next week very well could be a positive catalyst for Technology, as NVDA has shown precious little deterioration in recent days despite SPX and NASDAQ having pulled back. See this TNX chart and the technical structure which is being tested below.



Feb 21 • 11:15 AM



Tom Lee, CFA, CFA_{AC}
Head of Research

For 7 of the last 9 sessions, investors bought the dip during an intraday decline



- today's decline on heels of **WMT ▼-2.46%** disappointment doesn't change the positive outlook for stocks

Thus, we would be buying the dip **QQQ ▼-2.05%** **SPY ▼-1.67%** **IWM ▼-2.93%**
GRNY ▼-3.09%



QQQ US Equity

535.60 -3.92 -0.73% At 14:10:33

Price Chart 3D 02/18 09:30 - 02/20 16:30 Period: 3m

- Close on 2/14 538.15
- High on 02/19 14:57 540.81
- SMA(50) 535.141
- SMA(200) 537.408
- Change -2.72 (-0.51%)
- Low on 02/20 10:00 532.46
- SMA(20) 535.054
- SMA(100) 535.433



Feb 20 • 2:27 PM



Mark L. Newton, CMT_{AC}
Head of Technical Strategy

PLTR ▼ -4.07%

joins the growing list of high-flyers which have been hit hard this week, and as seen in this daily chart, PLTR reached its trendline from early this year and has bounced intra-day to hold February lows at \$99.32 thus far. I don't make much of this decline in PLTR despite the extreme nature of the short-term volatility on higher volume, and expect to see some stabilization into early next week at/above \$95.



Feb 20 • 12:02 PM

FSI Video: Weekly Highlight



Key incoming data

- ~~2/18 8:30 AM ET: Feb Empire Manufacturing Survey~~ **Tame**
- ~~2/18 10:00 AM ET: Feb NAHB Housing Market Index~~ **Tame**
- ~~2/18 4:00 PM ET: Dec Net TIC Flows~~ **Tame**
- ~~2/19 9:00 AM ET: Jan M Manheim Used Vehicle index~~ **Tame**
- ~~2/19 2:00 PM ET: Jan FOMC Meeting Minutes~~ **Dovish**
- ~~2/20 8:30 AM ET: Feb Philly Fed Business Outlook~~ **Tame**
- ~~2/21 9:45 AM ET: Feb P S&P Global Manufacturing PMI~~ **Tame**
- ~~2/21 9:45 AM ET: Feb P S&P Global Services PMI~~ **Tame**
- ~~2/21 10:00 AM ET: Feb F U. Mich. Sentiment and Inflation Expectation~~ **Hot**
- ~~2/21 10:00 AM ET: Jan Existing Home Sales~~ **Hot**
- 2/24 8:30 AM ET: Jan Chicago Fed Nat Activity Index



- 2/24 10:30 AM ET: Feb Dallas Fed Manuf. Activity Survey
- 2/25 9:00 AM ET: Dec S&P CoreLogic CS home price
- 2/25 10:00 AM ET: Feb Conference Board Consumer Confidence
- 2/26 10:00 AM ET: Jan New Home Sales
- 2/27 8:30 AM ET: 4Q S GDP
- 2/27 10:00 AM ET: Jan P Durable Goods Orders
- 2/28 8:30 AM ET: Jan PCE Deflator ~~2/3 9:45 AM ET: Jan F S&P Global Manufacturing PMI~~ **Tame**

▶ Live Webinar and Member Q&A

Market Update and “Super & Sleeper Grannies” Return

[Watch Replay NOW](#)



Tom Lee, CFA
Head of Research



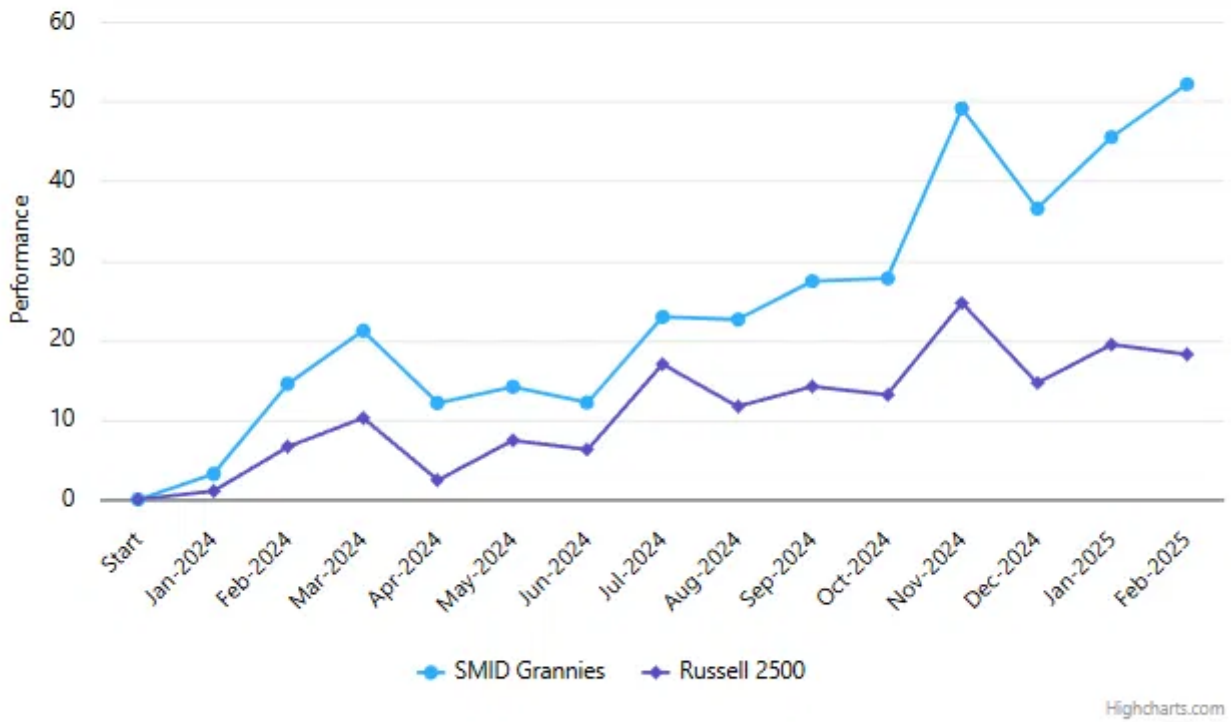
Mark Newton, CMT
Head of Technical Strategy



Stock List Performance

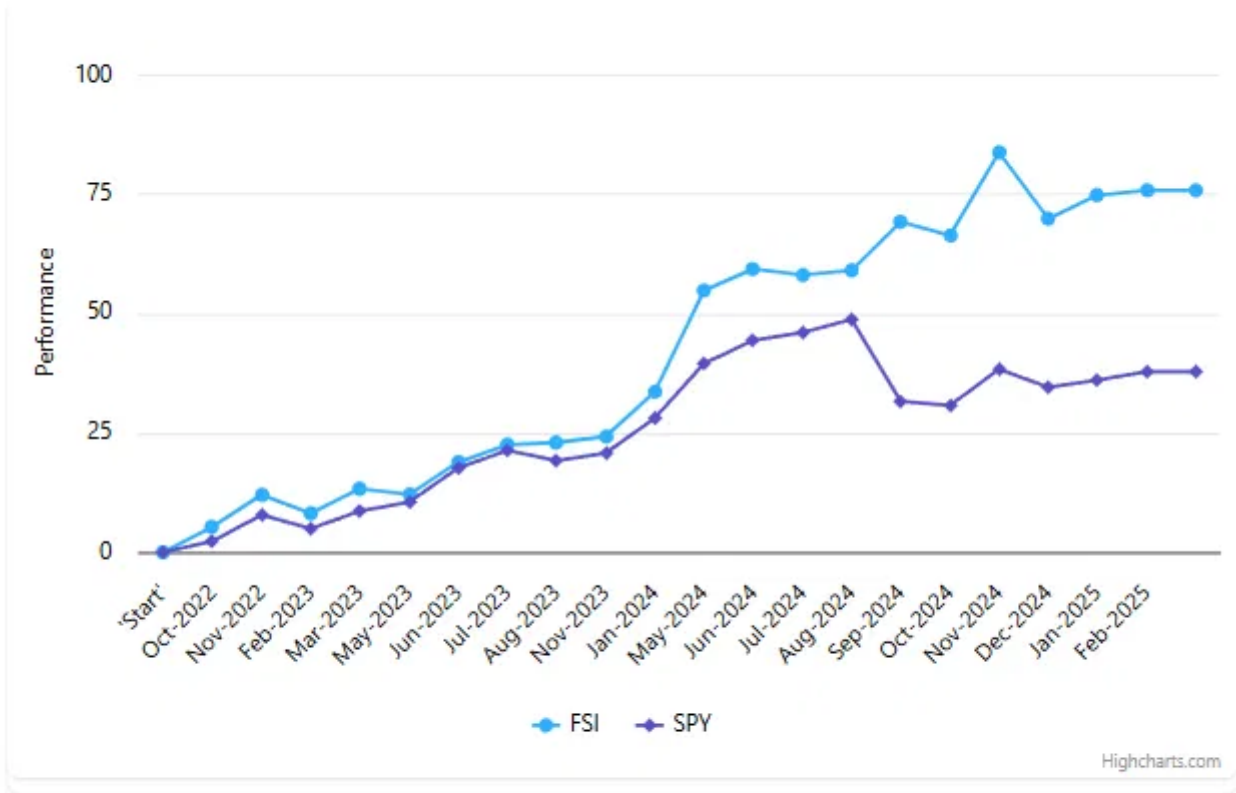


Inception to Date SMID Granny Shots Performance (January 16, 2024)



Performance period: January 16, 2024 through February 13, 2025

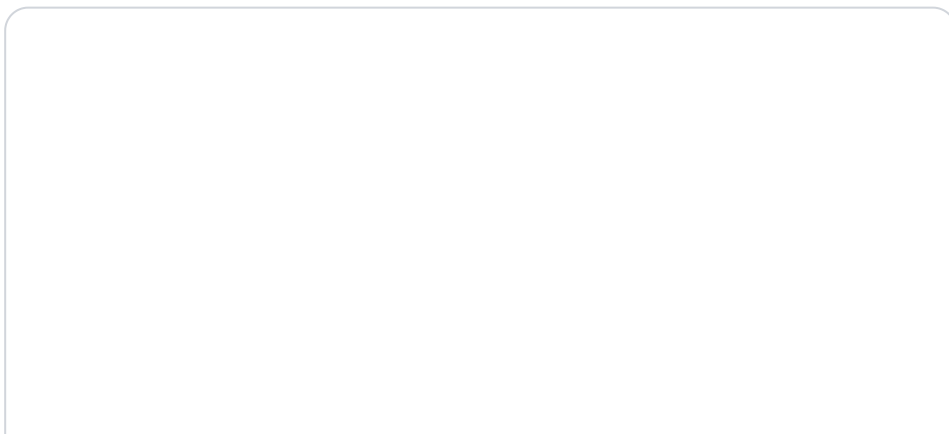
Upticks Against the SPY (Inception to Date)



- Upticks
- SPY

Performance period: October 5, 2022 through February 21, 2025

In the News





Tariffs have had more bark than bite, says Fundstrat's Tom Lee

Feb 7, 2025



Fundstrat's Tom Lee on Pres. Trump's tariffs: There's downside protection to the markets

Feb 3, 2025





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

Jan 27, 2025



Start Your 30-Day Free Trial Now! [More News Appearances](#)

Disclosures

This research is for the clients of FS Insight only. FSI Subscription entitles the subscriber to 1 user, research cannot be shared or redistributed. For additional information, please contact your sales representative or FS Insight at fsinsight.com.

Conflicts of Interest

This research contains the views, opinions and recommendations of FS Insight. At the time of publication of this report, FS Insight does not know of, or have reason to know of any material conflicts of interest.

General Disclosures

FS Insight is an independent research company and is not a registered investment advisor and is not acting as a broker dealer under any federal or state securities laws.

FS Insight is a member of IRC Securities' Research Prime Services Platform. IRC Securities is a FINRA registered broker-dealer that is focused on supporting the independent research industry. Certain personnel of FS Insight (i.e. Research Analysts) are registered representatives of IRC Securities, a FINRA member firm registered as a broker-dealer with the Securities and Exchange Commission and certain state securities regulators. As registered representatives and independent contractors of IRC Securities, such personnel may receive commissions paid to or shared with IRC Securities for transactions placed by FS Insight clients directly with IRC Securities or with securities firms that may share commissions with IRC Securities in accordance with applicable SEC and FINRA requirements. IRC Securities does not distribute the research of FS Insight, which is available to select institutional clients that have engaged FS Insight.

As registered representatives of IRC Securities our analysts must follow IRC Securities' Written Supervisory Procedures. Notable compliance policies include (1) prohibition of insider trading or the facilitation thereof, (2) maintaining client confidentiality, (3) archival of electronic communications, and (4) appropriate use of electronic communications, amongst other compliance related policies.

FS Insight does not have the same conflicts that traditional sell-side research organizations have because FS Insight (1) does not conduct any investment banking activities, and (2) does not manage any investment funds.

This communication is issued by FS Insight and/or affiliates of FS Insight. This is not a personal recommendation, nor an offer to buy or sell nor a solicitation to buy or sell any securities, investment products or other financial instruments or services. This material is distributed for general informational and educational purposes only and is not intended to constitute legal, tax, accounting or investment advice. The statements in this document shall not be considered as an objective or independent explanation of the matters. Please note that this document (a) has not been prepared in accordance with legal requirements designed to promote the independence of investment research, and (b) is not subject



to any prohibition on dealing ahead of the dissemination or publication of investment research. Intended for recipient only and not for further distribution without the consent of FS Insight.

This research is for the clients of FS Insight only. Additional information is available upon request. Information has been obtained from sources believed to be reliable, but FS Insight does not warrant its completeness or accuracy except with respect to any disclosures relative to FS Insight and the analyst's involvement (if any) with any of the subject companies of the research. All pricing is as of the market close for the securities discussed, unless otherwise stated. Opinions and estimates constitute our judgment as of the date of this material and are subject to change without notice. Past performance is not indicative of future results. This material is not intended as an offer or solicitation for the purchase or sale of any financial instrument. The opinions and recommendations herein do not take into account individual client circumstances, risk tolerance, objectives, or needs and are not intended as recommendations of particular securities, financial instruments or strategies. The recipient of this report must make its own independent decision regarding any securities or financial instruments mentioned herein. Except in circumstances where FS Insight expressly agrees otherwise in writing, FS Insight is not acting as a municipal advisor and the opinions or views contained herein are not intended to be, and do not constitute, advice, including within the meaning of Section 15B of the Securities Exchange Act of 1934. All research reports are disseminated and available to all clients simultaneously through electronic publication to our internal client website, fsinsight.com. Not all research content is redistributed to our clients or made available to third-party aggregators or the media. Please contact your sales representative if you would like to receive any of our research publications.

Copyright © 2025 FS Insight LLC. All rights reserved. No part of this material may be reprinted, sold or redistributed without the prior written consent of FS Insight LLC.