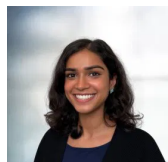


FSI Snapshot

September 7, 2025

Soft Jobs Report Greenlights Rate Cuts

**Hardika Singh**

ECONOMIC STRATEGIST, MARKET INTELLIGENCE

Calls for an **interest-rate cut in September** grew louder this week after economic data showed that the jobs market is slowing down dramatically.

The **S&P 500 hit a fresh record on Thursday** and added 0.3% this week, while the Nasdaq Composite rose 1.1%.

Fresh data released Friday showed the **U.S. economy added 22,000 jobs in August**, way below the expectations of 75,000 jobs. A big yikes came from the **downward revision of the June number**—which showed that the economy lost 13,000 jobs—the first contraction since December 2020.

The **unemployment rate edged up slightly to 4.3%** from 4.2% in July.

Other than hospitality, **no other industry reported a gangbusters level of job growth**.

But there's **a silver lining in this cooling job market**, according to Fundstrat Head of Research Tom Lee.

"This is a downside miss, and it now strengthens the case for the Fed to resume cutting. This is good. **Bullish for stocks, especially small caps and crypto**," he wrote Friday morning.

While Lee believes that the month will defy seasonality constraints, Head of Technical Strategy Mark Newton believes differently.

"I think in the next two or three weeks, we do have a chance of a little bit of a pullback. I think it will prove to be minor," Newton said.

That's mostly because **he doesn't believe the idea that "bad news is good news can last too long."** In recent years, when economic data has come in weak, it has sparked hopes of cuts, which typically ended up boosting stocks, but **Newton doesn't think that'll be the case for a handful of weeks at least.**

He's also concerned **about market breadth "drop-off" seen since July.**

Technology has underperformed sharply—except for Google and Apple, which recovered some of their losses from earlier in the year. This week, Google shares added 10%, while Apple rose 3.2%.

Newton **expects the market will rally after the Fed hopefully cuts rates** and into October, with the S&P 500 going up to 6,700, representing a gain of 3.4% from its Friday close. If stocks do fall before the Fed's September meeting, **Newton recommends investors to buy it.**

▶ Live Webinar and Q&A

Mark Newton's Live Technical Analysis

September 2 at 2pm ET



Mark Newton, CMT
Head of Technical Strategy



Chart of the Week



FED: # cuts by December 2025



For Exclusive Use of Fundstrat Clients Only

fundstrat

Investors are pricing in a 90% chance that the Fed cuts rates by 25-basis points at its September meeting, and a 71.6% chance of another same-sized cut at the October meeting. Fed Governor Chris Waller showed his inclination toward cutting rates earlier this week as well, which Lee highlighted. Waller said, "I think we need to start cutting rates at the next meeting and then we don't have to go in a locked sequence of steps. We can kind of see where things are going because people are still worried about tariff inflation. I'm not, but everybody else is." Lee said he is paying extra attention to what Waller says, as according to Polymarket, he is the heavily favored pick for the Fed chair.

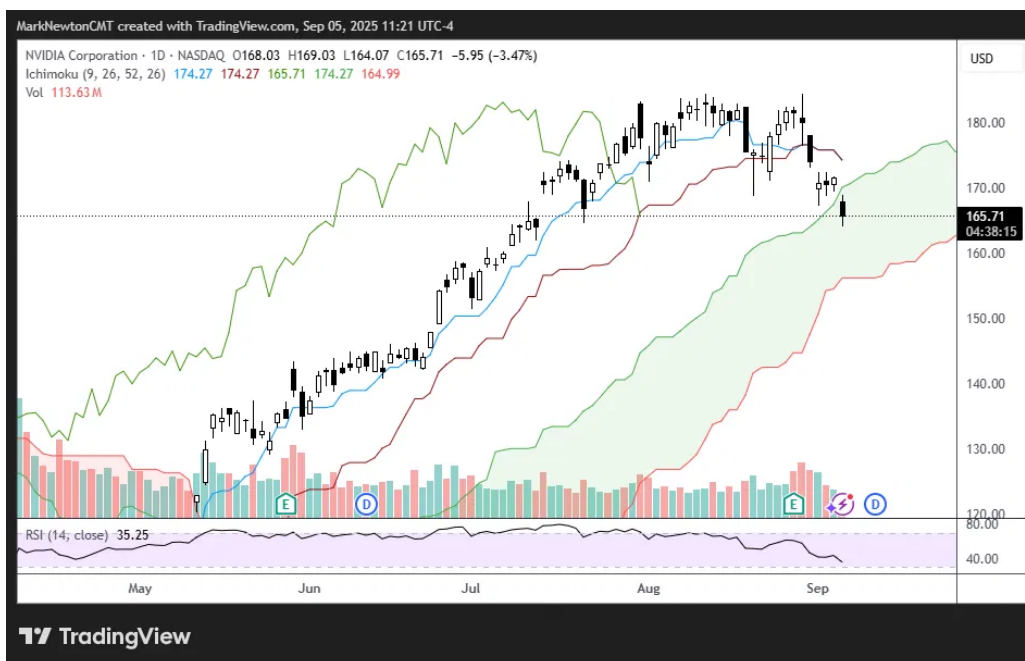
Recent ✂ Flash Insights



Mark L. Newton, CMT_{AC}

Head of Technical Strategy

NVDA ▼-2.83% is 8% of SPX, so to drop to the lowest level since July is certainly not helpful to near-term SPX recovery hopes. Yet, this stock is not a lost cause, despite the recent deterioration, but failure to recoup 167.22 today likely does allow for another 2-3 days of weakness before a snapback. I expect that the next 1-2 weeks very well could be weak in this stock but it should have a floor near the downside of this Ichimoku Cloud and then begin to rally back to test and break back above 184 into October. Dips don't look immediately buyable here and it's important to let the stock signal when this decline is starting to reverse. At present, intra-day on Friday mid-day does not seem to be the signal at multi-month lows. Support looks to materialize down near 160



Sep 5 • 11:52 AM



Mark L. Newton, CMT_{AC}

Head of Technical Strategy

S&P's rapid About-face is not surprising given that price reached the highs of the recent channel, and Financials and Energy are leading the decline while Equal-weighted Technology is actually positive today. (Market breadth is actually mildly bullish despite today's drop and more volume is flowing into Advancing vs. Declining issues) So Tech weakness which is causing the -0.60% decline in NDX is all about large-cap Tech and specifically the weightings of **NVDA▼-2.83%** **MSFT▼-2.60%** and **PLTR▼-2.20%** which are all lower by more than 2%. I feel like from a trading perspective, today's drop is a bit overdone, but i do expect that markets are slowly stalling out and a pullback into FOMC is likely before a move up into October. While a 100% pricing in of Rate cut is now a "done deal" by Fed fund futures, I don't think "Bad News is Good news" can last too long. Overall while the intermediate-term technicals and timing remain supportive of rallies into October, the short-term picture has gotten more mixed, and drop off in breadth this week given Tech woes is generally supportive of some consolidation over the next 2 weeks. For now, there's not much to go by on a weekly basis, but the daily selloff is more of a "shot across the bow" and something to watch carefully. Under 6360 is what's needed to have imminent concern, and for now, i doubt we get much under 6416 and could actually attempt to bounce into early Next week. Keep a close eye on breadth and Technology in particular.



Sep 5 • 11:25 AM



Mark L. Newton, CMT_{AC}

Head of Technical Strategy

I discussed **XLE ▼-1.93%** possibly stalling out near the \$90 level, and this has in fact materialized in recent days, followed by a big backtracking in XLE price since early this past week. The area near \$86 looks important to hold for **XLE ▼-1.93%** while under this level would bring about a test and possible break of August lows near \$84.



Sep 5 • 3:56 PM

FS Insight Video: Weekly Highlight

▶ Live Webinar and Q&A

“Super Grannies” & Market Update Webinar

Monday, August 18 @ 2pm ET



Tom Lee, CFA
Head of Research



Mark Newton, CMT
Head of Technical Strategy



Register



Key incoming data

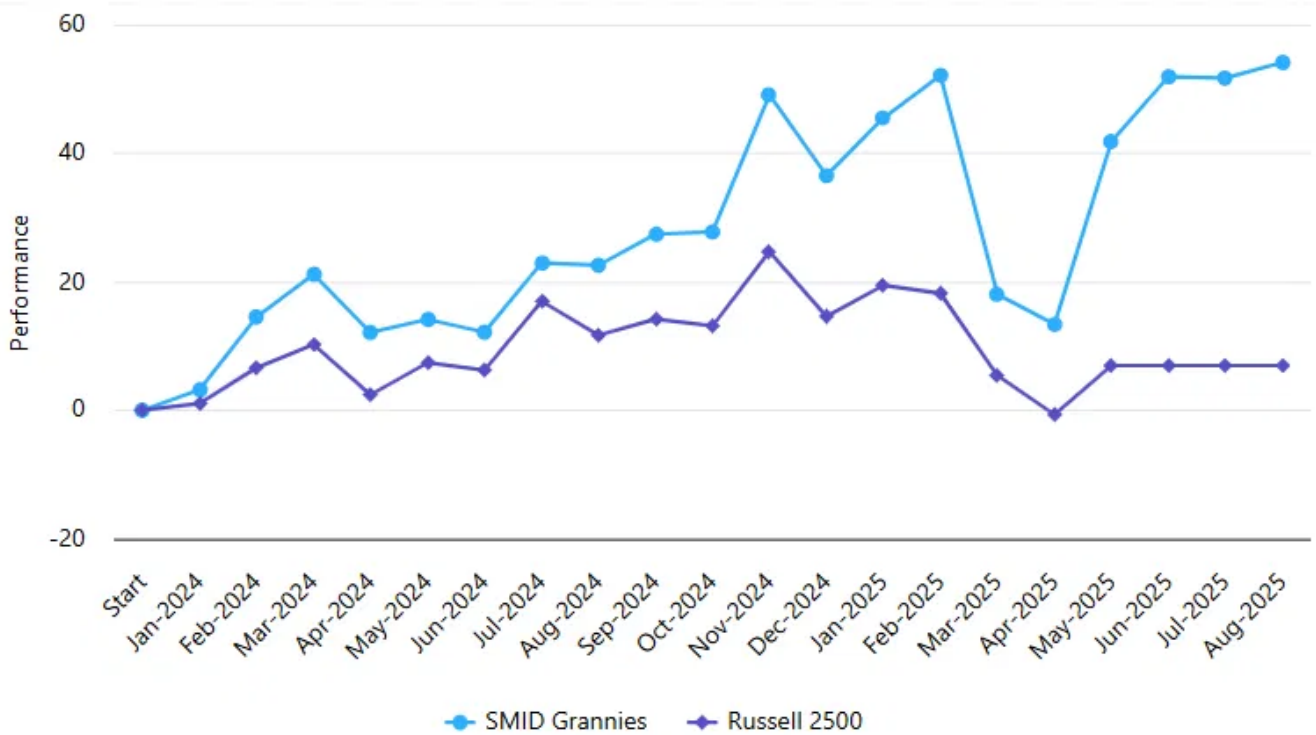
- ~~9/2 9:45 AM ET: Aug F S&P Global Manufacturing PMI~~ **Tame**
- ~~9/2 10:00 AM ET: Aug ISM Manufacturing PMI~~ **Tame**
- ~~9/3 10:00 AM ET: Jul F Durable Goods Orders~~ **Tame**
- ~~9/3 10:00 AM ET: Jul JOLTS Job Openings~~ **Tame**
- ~~9/3 2:00 PM ET: Sep Fed Releases Beige Book~~ **Tame**
- ~~9/4 8:30 AM ET: Jul Trade Balance~~ **Tame**
- ~~9/4 8:30 AM ET: 2Q F Unit Labor Costs~~ **Tame**
- ~~9/4 8:30 AM ET: 2Q F Non-Farm Productivity~~ **Tame**
- ~~9/4 9:45 AM ET: Aug F S&P Global Services PMI~~ **Tame**
- ~~9/4 10:00 AM ET: Aug ISM Services PMI~~ **Tame**
- ~~9/5 8:30 AM ET: Aug Non-Farm Payrolls~~ **Tame**



- 9/8 9:00 AM ET: Aug F Manheim Used Vehicle Index
- 9/8 11:00 AM ET: Aug NY Fed 1yr Inf Exp
- 9/9 6:00 AM ET: Aug Small Business Optimism Survey
- 9/10 8:30 AM ET: Aug Core PPI
- 9/11 8:30 AM ET: Aug Core CPI
- 9/12 10:00 AM ET: Sep P U. Mich. Sentiment and Inflation Expectation
- 9/15 8:30 AM ET: Sep Empire Manufacturing Survey
- 9/16 8:30 AM ET: Aug Retail Sales Data
- 9/16 10:00 AM ET: Sep NAHB Housing Market Index
- 9/17 9:00 AM ET: Sep M Manheim Used Vehicle Index
- 9/17 2:00 PM ET: Sep FOMC Decision
- 9/18 8:30 AM ET: Sep Philly Fed Business Outlook
- 9/18 4:00 PM ET: Jul Net TIC Flows

Stock List Performance

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

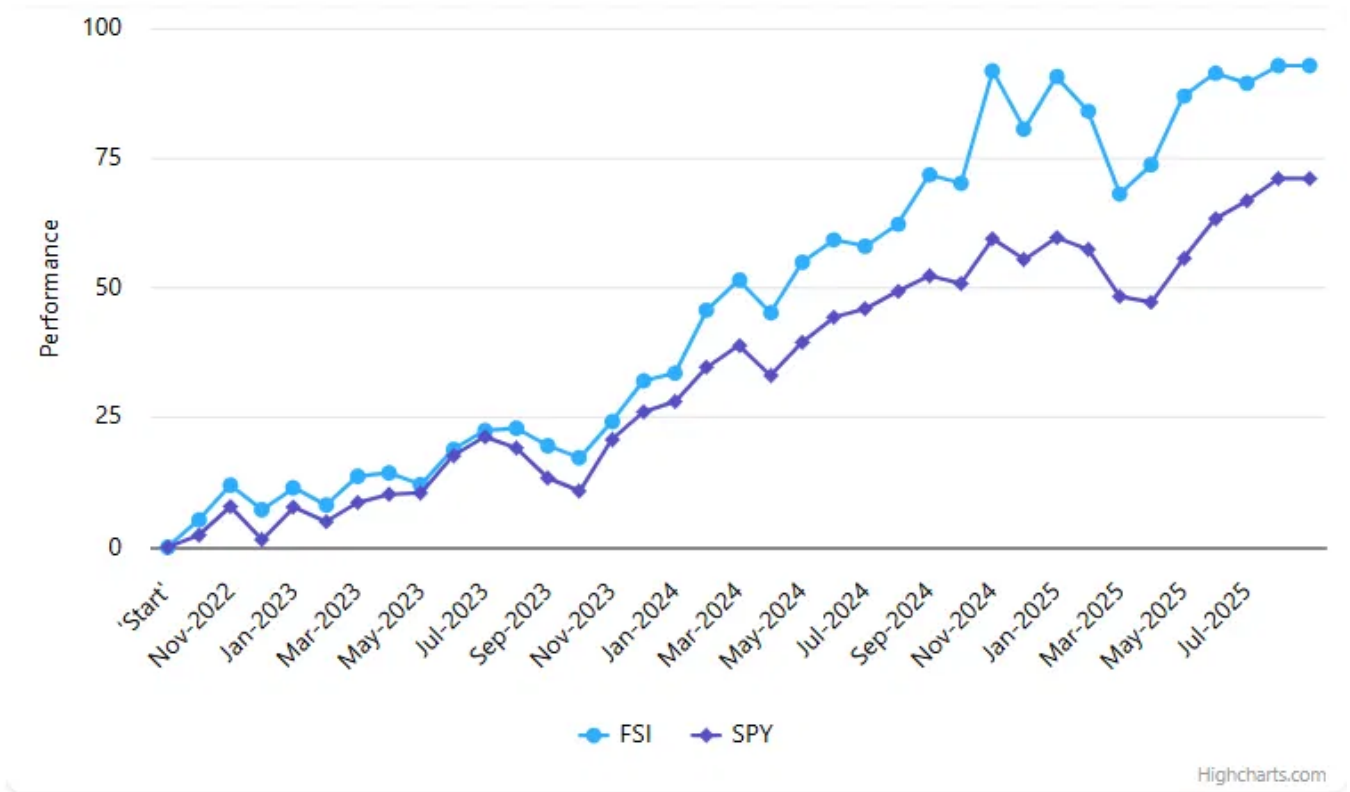


Highcharts.com

Performance period: January 16, 2024 through August 27, 2025



Upticks vs SPY (Inception to Date)



Performance period: October 5, 2022 through August 27, 2025

In the News

Positioning for Nvidia Earnings + Key Fed Decisions

Aug 26, 2025



Dovish Fed, Small Caps, and His ETH Call



Aug 22, 2025



Tom Lee: Why Stocks Can Push Higher | Even Without Big Fed Cuts

Aug 14, 2025



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