

Major averages retreat despite NVIDIA's earnings and rising rate-cut expectations

The stock market finished the week lower, with the S&P 500 (-2.0% WTD), Nasdaq Composite (-2.7% WTD), and DJIA (-1.9% WTD) retreating beneath their 50-day moving averages after several days of choppy trading.



Smaller-cap indexes were more resilient, with the Russell 2000 (-0.8% WTD) and S&P Mid Cap 400 (-0.7% WTD) posting relatively modest declines. Mega-cap growth lagged, reflecting continued caution among investors around the largest names.

NVIDIA faced its own selling pressure despite delivering strong earnings beat, which fostered a sharp reversal of early gains on Thursday. The stock finished the week down 2.8%. The broader information technology sector (-4.7% WTD) led losses, while consumer discretionary (-3.3% WTD) also lagged. By contrast, healthcare (+1.8% WTD), communication services (+3.0% WTD), and consumer staples (+0.8% WTD) provided pockets of strength, as investors rotated into sectors viewed as more defensive or insulated from the recent AI and mega-cap volatility.

Friday's session offered a partial reprieve as comments from New York Fed President John Williams lifted expectations for a December rate cut. The major averages finished near session highs, and mid- and small-cap stocks outperformed, with the Russell 2000 (+2.8% Friday) and S&P Mid Cap 400 (+2.4% Friday) rebounding more sharply. Even so, the week's results underscore that the market remains in a risk-off posture, with mega-cap and tech leadership still fragile.

Overall, the week reflected a market balancing between optimism for potential Fed easing and caution over stretched valuations and recent momentum unwind. While rate-cut chatter offered intermittent relief, broader weakness in tech and mega-cap stocks weighed on the major averages, leaving the market in a state of ongoing rotation and selective strength.

- S&P Mid Cap 400: -0.7% WTD
- Russell 2000: -0.8% WTD
- DJIA: -1.9% WTD
- S&P 500: -2.0% WTD
- Nasdaq Composite: -2.7% WTD

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