

Volatile week highlights bifurcation between growth and value

The stock market experienced a volatile week defined by sharp rotations and earnings-driven price action, ultimately underscoring a growing bifurcation between growth and value.



The DJIA (+2.5%) surged to fresh record highs, supported by strength in cyclical and defensive areas, while the S&P 500 (-0.1%) and Nasdaq Composite (-1.8%) finished lower as sustained pressure weighed on mega-cap and growth-oriented stocks. Small- and mid-cap stocks outperformed, with the Russell 2000 (+2.2%) and S&P Mid Cap 400 (+4.4%) posting solid weekly gains.

Earnings were the dominant driver of market action throughout the week, with roughly 100 S&P 500 constituents reporting results. Early-week optimism gave way to heavy selling in growth stocks as investors digested earnings from several mega-cap leaders. Alphabet and Amazon moved lower following the release of massive multi-year capital expenditure plans, reigniting concerns about return on investment and pressuring the communication services (-4.4%) and consumer

discretionary (-4.6%) sectors.

The information technology sector (-1.4%) also struggled as software stocks came under sustained pressure. Microsoft's post-earnings decline weighed heavily on the group and exacerbated concerns that AI adoption may disrupt traditional software business models.

In contrast, value-oriented and defensive sectors benefited from persistent rotational flows. The consumer staples sector (+6.0%) led the market as investors favored earnings visibility and pricing power, while the industrials (+4.7%), energy (+4.3%), and materials (+3.5%) sectors all posted strong gains. The financials (+1.5%) and health care (+1.9%) sectors also outperformed, reinforcing the market's preference for non-growth exposures amid heightened volatility in technology.

Bitcoin traded lower on the week, moving in line with the broader risk-off tone across growth and speculative assets. Weakness in mega-cap growth stocks and the sharp selloff in technology and software names coincided with reduced appetite for higher-volatility trades, keeping pressure on crypto prices.

Despite the pullback, bitcoin continued to hold above key recent support levels, suggesting the move was more consistent with consolidation than a decisive breakdown as investors remained selective and risk-conscious.

Despite a strong rebound on Friday—driven by a sharp recovery in technology and high-beta names—losses earlier in the week left growth benchmarks in the red. The week ultimately highlighted how sensitive the market remains to earnings guidance, capital spending plans, and confidence in AI-related investments. With the sharp divergence between growth and value still intact, leadership remains fluid as investors reassess where earnings durability and return potential truly reside.

- S&P Mid Cap 400: +4.4%
- DJIA: +2.5%
- Russell 2000: +2.2%
- S&P 500: -0.1%
- Nasdaq Composite: -1.8%

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