



Trouble in Paradise?

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There is trouble in Paradise. Nasdaq, bellwether for growth stocks, not only has weak momentum, it's performance vs. the more staid cousins, S&P and RUT, is losing steam as well. Is the growth story over?

Recent concerns have centered over excessive valuations, leverage funded indiscriminate capex questioning monetization - in short, concerns about an AI bubble. While the bubble debate is a separate and longer discussion, today we focus on price action - and that is not looking pretty for growth stocks. While trend indicators (lagging) are yet to turn, the set up warrants caution. Bearish bias prevails unless we see momentum revival and new highs (above 26200 for Nasdaq).

- While the tech heavy Nasdaq 100 corrected c10% in November, the recovery over the last three weeks lacks momentum.
- Bearish divergence on oscillators at the end Oct'25 peak, followed by inability to breakout on price and momentum indicators.
- Trend indicators (lagging), while supportive, suggest a directionless index.
- Relative to S&P - After a stellar 11% point outperformance from liberation day lows to peak in early Nov, Nasdaq 100 is now weakening relative to S&P. A similar weak momentum and weakening trend indicators are visible even on relative charts.
- Growth Factor (VONG) vs. Value Factor (VONV) also shows a weak trend.
- Major Index Stocks - NVDA, MSFT, META, AMZN show similar weak trend and momentum characteristics. While GOOGL and TSM continue to have supportive trends, momentum fade is similarly visible.
- Haves (MAG 7) vs. Have Nots (XMAG) - Its been a tough ride for the "have nots" - the other 493 stocks aside from Mag 7. This trend now appears to be reversing.

Price action over the last week is a series of "doji" candles, highlighting indecision. Accompanied by weakening momentum and inability to take out highs, stands in contrast to the broader S&P and "value" indices. At an individual level, many index heavyweights (NVDA, MSFT, META) show similar fatigue.

Nasdaq 100 Futures - Lacks Trend and Momentum



source: Trading View

Nasdaq vs. S&P - Losing Steam



source: Trading View

Growth vs. Value - Trending Weak



source: Trading View

Major Index Stocks - Trading Weak



source: Trading View

Haves (MAG 7) vs. Have Nots (the other 493)...



source: Trading View

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