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Daily Market Commentary - July 18, 2025

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Fri, Jul 18, 2025 at 6:42 PM

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*Data as of 6:42 PM EDT*

Current Market Position

The S&P 500 (SPY) closed at \$627.59, gaining -0.07% today. **This puts the market near historical highs, trading at elevated valuations that warrant careful monitoring.**

Current Price	Daily Change	VIX Level	AAll Bullish
\$627.59	-0.07%	16.5	41.4%

Technical Indicators

**RSI at 68.2** - Moderate levels, room for upside. Recent rally may be due for a pause.

**MACD at 8.104 vs Signal 8.522** - Bearish crossover signal. MACD below signal line indicates potential downward momentum.

RSI Status	MACD Signal
Moderate	Bearish

## Sector Performance (Today)

Today's sector ETF performance across all 12 major sectors:

**S&P 500 INDEX**

SPY

**-0.07%**

**Technology**

XLK

**-0.07%**

**Health Care**

XLV

**-0.66%**

**Financials**

XLFI

**+0.06%**

**Consumer Discretionary**

XLK

**+0.90%**

**Industrials**

XLI

**-0.23%**

**Communication Services**

XLC

**-0.47%**

**Consumer Staples**

XLP

**-0.28%**

**Energy**

XLE

**-0.81%**

**Utilities**

XLU

**+1.66%**

**Materials**

XLB

**+0.22%**

**Real Estate**

XLRE

**+0.30%**

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### BOTTOM LINE

SPX's -0.1% decline to 627.59 masks brewing technical divergences. Momentum bearish, but complacency elevated.

### TECHNICAL ANALYSIS

RSI at 68.2 indicates elevated momentum conditions with MACD showing bearish crossover dynamics (8.104 vs 8.522). Bearish momentum crossover signals potential near-term weakness as selling pressure builds. VIX at 16.52 reveals important sentiment extremes - Subdued fear levels indicate market confidence but also raise concerns about positioning crowding. Expect consolidation or pullback as overbought conditions work off naturally.

### ECONOMIC ANALYSIS

This week's key economic indicators demonstrate continued labor market strength with initial jobless claims at 221,000, coming in below the 234,000 consensus and showing resilient employment conditions. Recent Core CPI reading at 2.9% exceeded the 2.8% forecast, indicating persistent but manageable inflationary pressures that support Fed's measured policy approach. Retail sales growth at 1.0% versus 0.8% expected signals ongoing consumer resilience, while Producer Price Index showing modest gains reflects stable cost pressures throughout the supply chain. This balanced economic picture supports current market positioning with fundamentals remaining constructive for equity valuations.

SECTOR ROTATION ANALYSIS

Defensive sector rotation evident with only 5/12 sectors advancing. Utilities relative strength (+1.66%) while Energy lags (-0.81%) suggests investors positioning more cautiously. This defensive positioning typically emerges during uncertainty periods or late-cycle conditions.

AI Confidence	Risk Level	Trend Status
85%	Elevated	Bearish

This analysis is powered by FinanceHub Pro's AI-driven market intelligence.

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