

ENGINEERING THE MARKETS:

PRECISION, PATTERNS, & PROFITABILITY

What's Next?

January 30, 2025



POWERED BY:



by TERRY LONG

TRADINGANALYSIS.COM

What's Next?

Hey Traders!

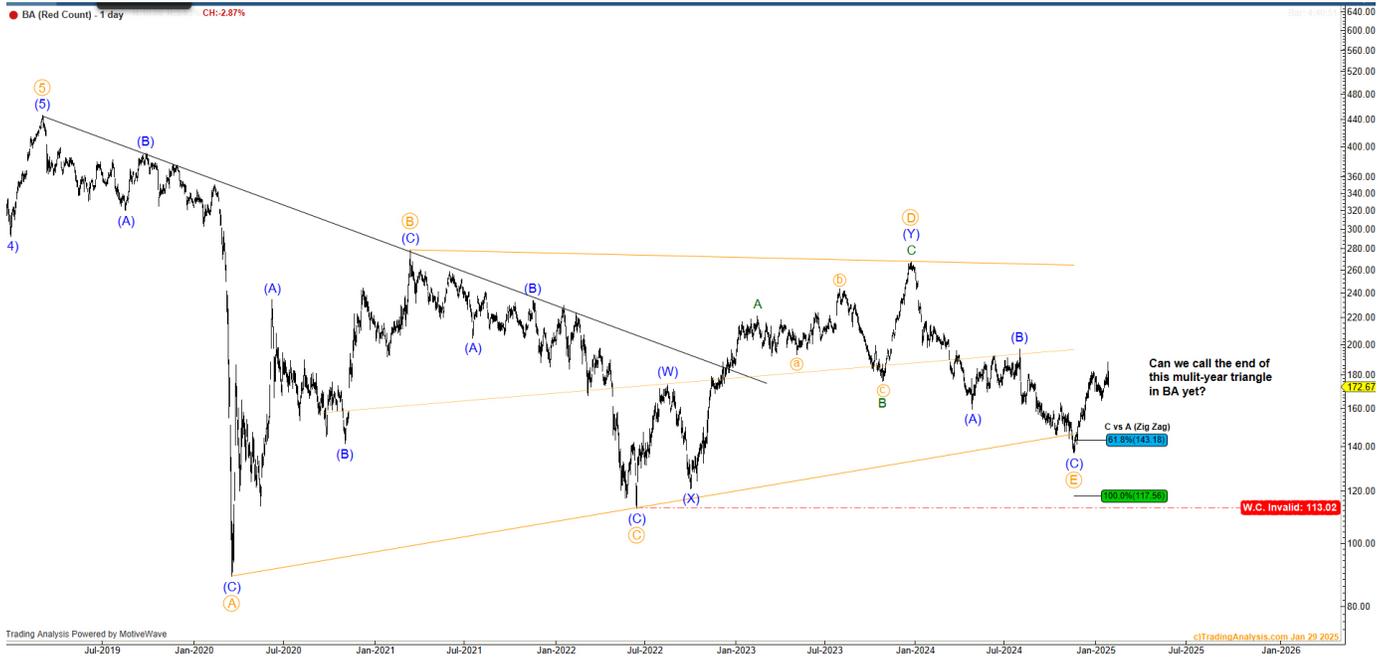
Seems like there's always something else lurking around the corner to throw the market for a loop. After DeepSeek sunk the **Tech Sector** on Monday, where does it all go from here? You can't ignore the fact that Monday's move wiped out one trillion dollars in market cap, with **NVDA** taking the lion's share hit, dragging almost all of the semiconductor sector down with it. However, I believe this will eventually resolve itself and cooler heads will prevail.

Does this mean the end for **NVDA**? I don't think so. Using a corollary, if **NVDA** is to Ferrari as DeepSeek is to Corvette, simply because someone develops a similar vehicle just as fast and luxurious but less expensive, does that mean people no longer desire the Ferrari? Some may and certainly, while the Corvette is much more affordable, there still remains a distinction between the brands, and demand for both is unwavering.



No doubt, there will also be others venturing into this new market and they will all be looking to take a piece of the pie away from **NVDA**. Same thing with Apple and Android, competition in the marketplace is generally good for the consumer as it drives innovation and progress. We really didn't want **NVDA** to be the only game in town for AI did we?

Can we call the end of this multi-year triangle in BA yet?



RTX

RTX Beat Expectations

Tuesday, January 28, 2025 at 7:05 AM ET

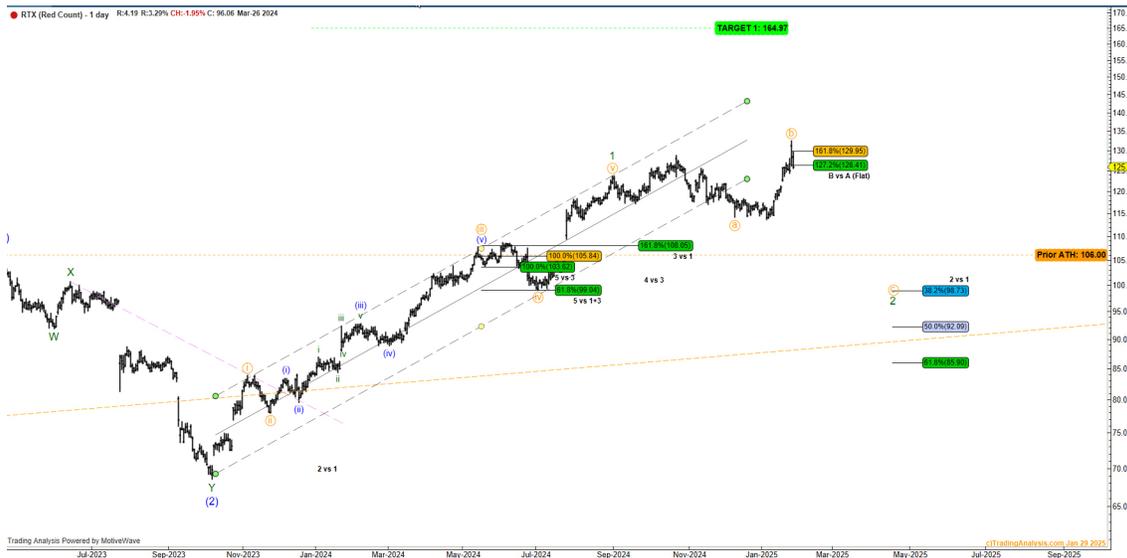
RTX (RTX) reported earnings of \$1.54 per share on revenue of \$21.62 billion for the fourth quarter ended December 2024. The consensus earnings estimate was \$1.37 per share on revenue of \$20.56 billion. The Earnings Whisper number was \$1.41 per share. The company beat expectations by 9.22% while revenue grew 8.51% on a year-over-year basis.

The company said it expects 2025 earnings of \$6.00 to \$6.15 per share on revenue of \$83.0 billion to \$84.0 billion. The current consensus earnings estimate is \$6.06 per share on revenue of \$84.1 billion for the year ending December 31, 2025.

Raytheon Technologies Corporation is an aerospace and defense company that provides advanced systems and services for commercial, military and government customers worldwide.

Reported Earnings \$1.54 Earnings Whisper® \$1.41 Consensus Estimate \$1.37	Earnings Whisper Grade 🔒	Power Rating 🔒
Reported Revenue \$21.62 Bil Revenue Estimate \$20.56 Bil	Earnings Surprise 9.2%	Earnings Growth 19.4%
	Revenue Surprise 5.2%	Revenue Growth 8.5%

RTX might be breaking out, but the wave 2 is very shallow and this may be a head-fake move to the upside.



Lockheed Martin Beat Expectations

Tuesday, January 28, 2025 at 7:29 AM ET

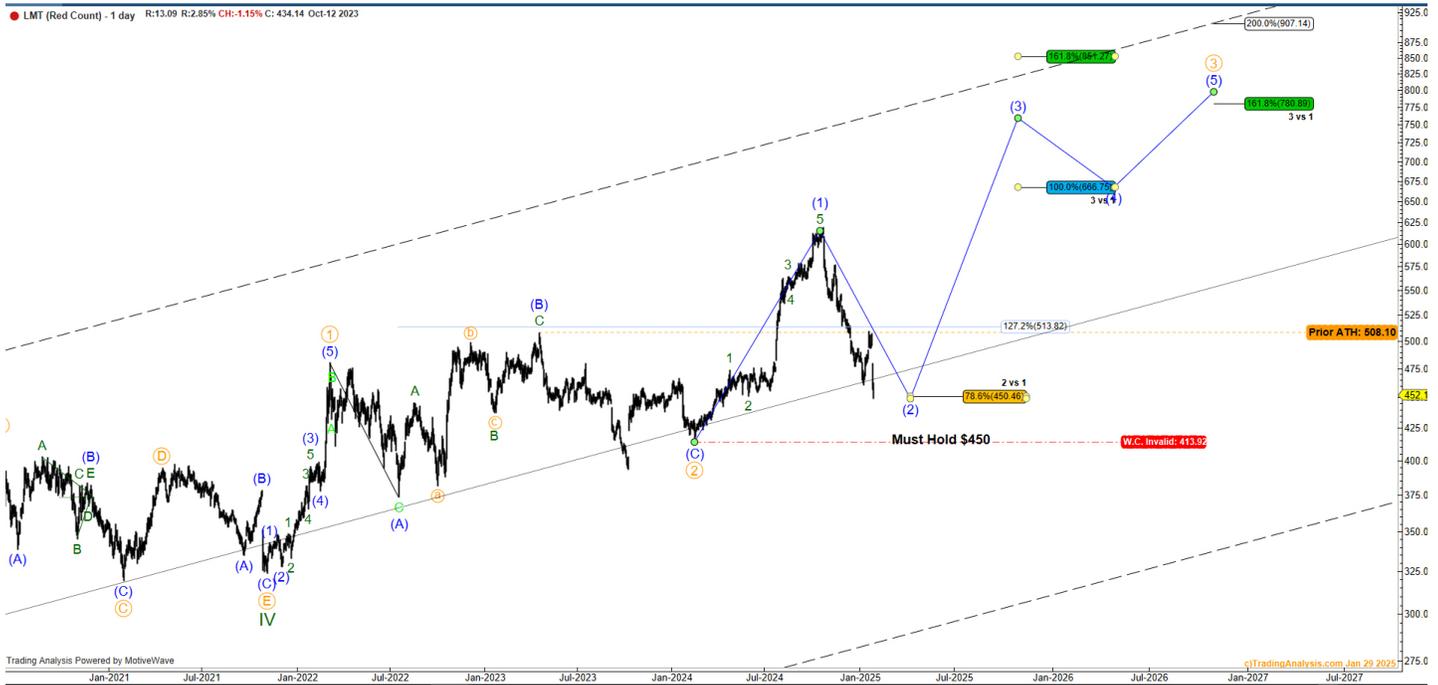
Lockheed Martin (LMT) reported earnings of \$7.67 per share on revenue of \$18.62 billion for the fourth quarter ended December 2024. The consensus earnings estimate was \$6.60 per share on revenue of \$18.85 billion. The Earnings Whisper number was \$6.91 per share. The company beat expectations by 11.00% while revenue fell 1.34% compared to the same quarter a year ago.

The company said it expects 2025 earnings of \$27.01 to \$27.30 per share on revenue of \$73.75 billion to \$74.75 billion. The current consensus earnings estimate is \$27.78 per share on revenue of \$74.08 billion for the year ending December 31, 2025.

Lockheed Martin Corp is a security and aerospace company. The Company is engaged in the research, design, development, manufacture, integration and sustainment of advanced technology systems, products and services.

Reported Earnings \$7.67 Earnings Whisper* \$6.91 Consensus Estimate \$6.60	Earnings Whisper Grade Earnings Surprise 11.0%	Power Rating Earnings Growth -2.9%
Reported Revenue \$18.62 Bil Revenue Estimate \$18.85 Bil	Revenue Surprise -1.2%	Revenue Growth -1.3%

LMT "must hold" the 2v1 78.6% retracement else risk wave count invalidation at \$413.92



Another Aerospace and Defense industry stock, General Dynamics (GD), reported Wednesday before the open with a Beat but a slight miss on Revenue. Still, earnings growth came in at 14% as did revenue growth.

General Dynamics Beat Expectations

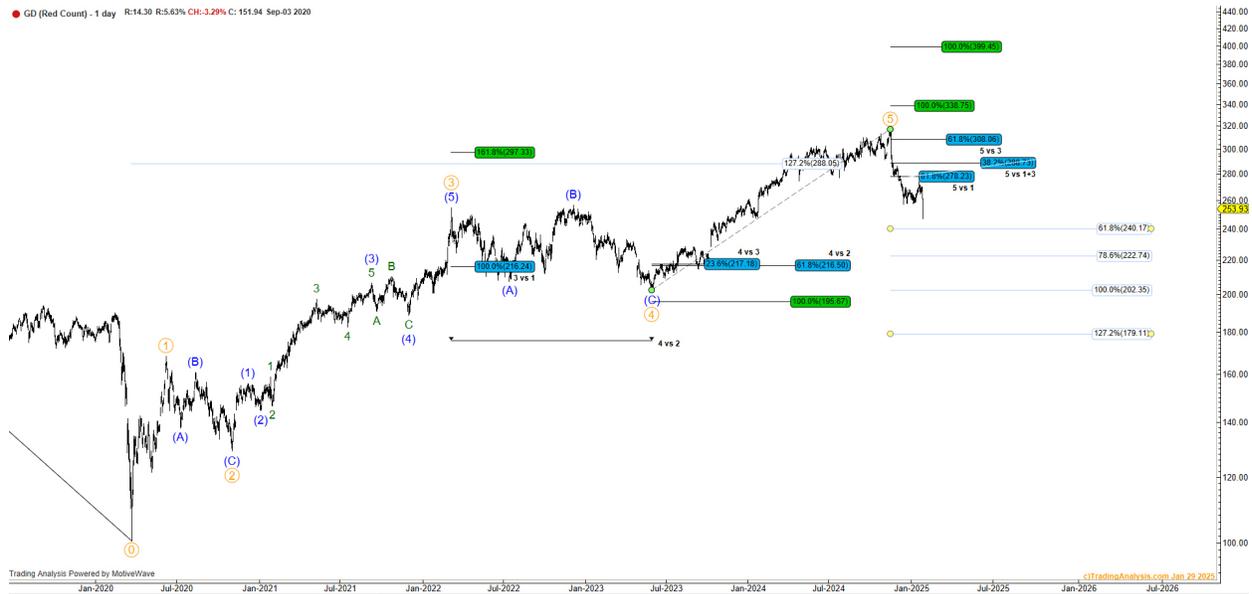
Wednesday, January 29, 2025 at 7:00 AM ET

General Dynamics (GD) reported earnings of \$4.15 per share on revenue of \$13.34 billion for the fourth quarter ended December 2024. The consensus earnings estimate was \$4.13 per share on revenue of \$13.37 billion. The Earnings Whisper number was \$4.00 per share. The company beat expectations by 3.75% while revenue grew 14.31% on a year-over-year basis.

General Dynamics Corp is an aerospace and defense company. It offers products and services in business aviation; combat vehicles, weapons systems and munitions; shipbuilding; and communication and information technology systems and solutions.

Reported Earnings \$4.15 Earnings Whisper* \$4.00 Consensus Estimate \$4.13	Earnings Whisper Grade Earnings Surprise 3.8%	Power Rating Earnings Growth 14.0%
Reported Revenue \$13.34 Bil Revenue Estimate \$13.37 Bil	Revenue Surprise -0.2%	Revenue Growth 14.3%

My wave count on **GD** isn't very bullish, suggesting further decline is likely in some corrective wave following Primary 5



After the close on Wednesday, the Mega Caps revealed their fourth-quarter returns

TESLA

Tesla Missed Expectations

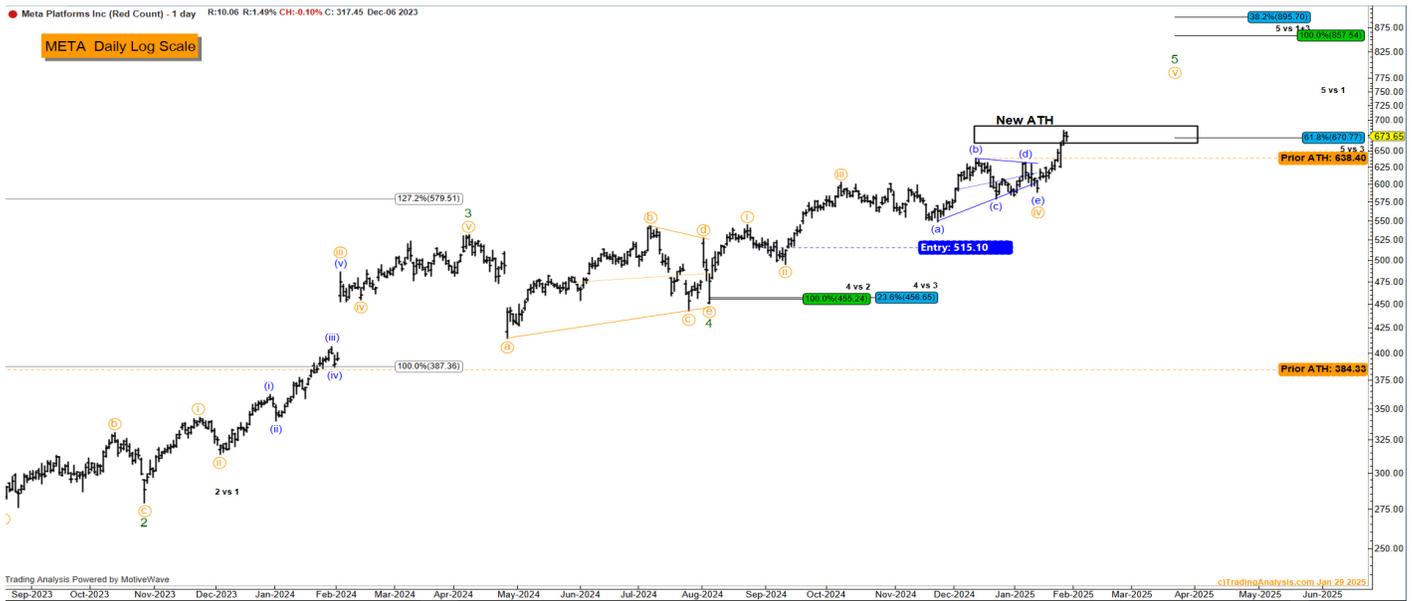
Wednesday, January 29, 2025 at 4:09 PM ET

Tesla (TSLA) reported earnings of \$0.73 per share on revenue of \$25.71 billion for the fourth quarter ended December 2024. The consensus earnings estimate was \$0.75 per share on revenue of \$27.61 billion. The Earnings Whisper number was \$0.79 per share. The company missed expectations by 7.59% while revenue grew 2.15% on a year-over-year basis.

Tesla Motors Inc designs, develops, manufactures and sells high-performance fully electric vehicles and electric vehicle powertrain components.

<p>Reported Earnings</p> <p>\$0.73</p> <p>Earnings Whisper[®]</p> <p>\$0.79</p> <p>Consensus Estimate</p> <p>\$0.75</p>	<p>Earnings Whisper Grade</p> <p>⬆️</p> <p>Earnings Surprise</p> <p>-7.6%</p>	<p>Power Rating</p> <p>⬆️</p> <p>Earnings Growth</p> <p>28.1%</p>
<p>Reported Revenue</p> <p>\$25.71 Bil</p> <p>Revenue Estimate</p> <p>\$27.61 Bil</p>	<p>Revenue Surprise</p> <p>-6.9%</p>	<p>Revenue Growth</p> <p>2.1%</p>

Not spectacular but ok for **TESLA** on Q4 earnings with a Beat on Consensus but a miss on the Whisper. Revenues also came in below expected.



MSFT

MSFT beats Consensus but misses the Whisper. Revenues beat the forecast and both earnings and revenue growth were double-digit.

Microsoft Missed Expectations

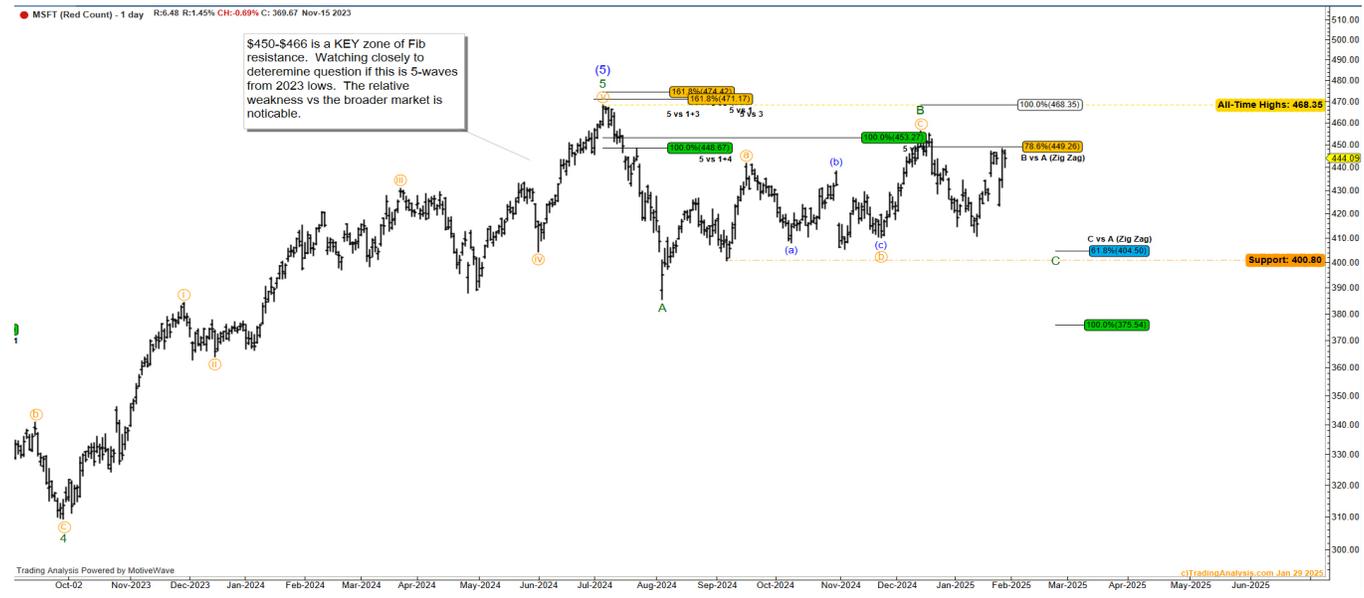
Wednesday, January 29, 2025 at 4:05 PM ET

Microsoft (MSFT) reported earnings of \$3.23 per share on revenue of \$69.63 billion for the fiscal second quarter ended December 2024. The consensus earnings estimate was \$3.11 per share on revenue of \$68.75 billion. The Earnings Whisper number was \$3.24 per share. The company missed expectations by 0.31% while revenue grew 12.27% on a year-over-year basis.

Microsoft Corp is engaged in designing, manufacturing, selling devices, and online advertising to a global customer audience. Its products include operating systems for computing devices, servers, phones, and other intelligent devices.

Reported Earnings	Earnings Whisper Grade	Power Rating
\$3.23	🔒	🔒
Earnings Whisper ⁵	Earnings Surprise	Earnings Growth
\$3.24	-0.3%	10.2%
Consensus Estimate		
\$3.11		
Reported Revenue	Revenue Surprise	Revenue Growth
\$69.63 Bil	1.3%	12.3%
Revenue Estimate		
\$68.75 Bil		

MSFT has been trading in a tight range-bound zone while the broader Tech market retraced. This is a sign of Relative Strength



IBM Beat Expectations

Wednesday, January 29, 2025 at 4:08 PM ET

IBM (IBM) reported earnings of \$3.92 per share on revenue of \$17.55 billion for the fourth quarter ended December 2024. The consensus earnings estimate was \$3.73 per share on revenue of \$17.58 billion. The Earnings Whisper number was \$3.79 per share. The company beat expectations by 3.43% while revenue grew 0.99% on a year-over-year basis.

The company said it expects 2025 revenue of at least \$65.89 billion. The current consensus revenue estimate is \$65.83 billion for the year ending December 31, 2025.

International Business Machines Corp is an Information Technology (IT) company. It creates business value for clients and solves business problems through integrated solutions that leverage information technology & knowledge of business processes.

Reported Earnings \$3.92	Earnings Surprise 3.4%	Earnings Growth 1.3%
Earnings Whisper \$3.79		
Consensus Estimate \$3.73		
Reported Revenue \$17.55 Bil	Revenue Surprise -0.2%	Revenue Growth 1.0%
Revenue Estimate \$17.58 Bil		

IBM beats on the earnings but Revenue comes in just a tad lower than the estimate. Earnings and Revenue growth are mediocre.

IBM may have completed a major swing wave high in Intermediate (3) which would suggest a corrective move down in (4) is possible



LRCX

Lam Research Beat Expectations

Wednesday, January 29, 2025 at 4:05 PM ET

Lam Research (LRCX) reported earnings of \$0.91 per share on revenue of \$4.38 billion for the fiscal second quarter ended December 2024. The consensus earnings estimate was \$0.87 per share on revenue of \$4.31 billion. The Earnings Whisper number was \$0.90 per share. The company beat expectations by 1.11% while revenue grew 16.44% on a year-over-year basis.

The company said it expects third quarter earnings of \$0.90 to \$1.10 per share on revenue of \$4.35 billion to \$4.95 billion. The current consensus earnings estimate is \$0.87 per share on revenue of \$4.32 billion for the quarter ending March 31, 2025.

Lam Research Corp is a supplier of wafer fabrication equipment and services to the semiconductor industry.

Reported Earnings \$0.91	Earnings Surprise 1.1%	Earnings Growth -87.9%
Earnings Whisper \$0.90		
Consensus Estimate \$0.87		
Reported Revenue \$4.38 Bil	Revenue Surprise 1.5%	Revenue Growth 16.4%
Revenue Estimate \$4.31 Bil		

LRCX beats expectations on the top and bottom line

LRCX "Must Hold" the 2v1 78.6% retracement and possibly has begun a move up in minute iii

LAM RESEARCH - LRCX - DAILY - Log Scale



Trading Analysis Powered by MotiveWave

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NOW

ServiceNow Missed Expectations

Wednesday, January 29, 2025 at 4:10 PM ET

ServiceNow (NOW) reported earnings of \$3.67 per share on for the fourth quarter ended December 2024. The consensus earnings estimate was \$3.66 per share on revenue of \$2.96 billion. The Earnings Whisper number was \$3.75 per share. The company missed expectations by 2.13%.

ServiceNow Inc is a provider of cloud-based solutions that define, structure, manage and automate services across the enterprise. Its services include a suite of applications built on proprietary platform.

Reported Earnings
\$3.67
Earnings Whisper[®]
\$3.75
Consensus Estimate
\$3.66

Reported Revenue
=
Revenue Estimate
\$2.96 Bil

Earnings Whisper Grade



Earnings Surprise



Revenue Surprise



Power Rating



Earnings Growth



Revenue Growth

NOW beat the Consensus but missed the Whisper.

NOW is still breaking to new ATHs though the wave count does look extended, there may still be more upside as it looks to complete minor 5

NOW - ServiceNow - Daily Log Scale



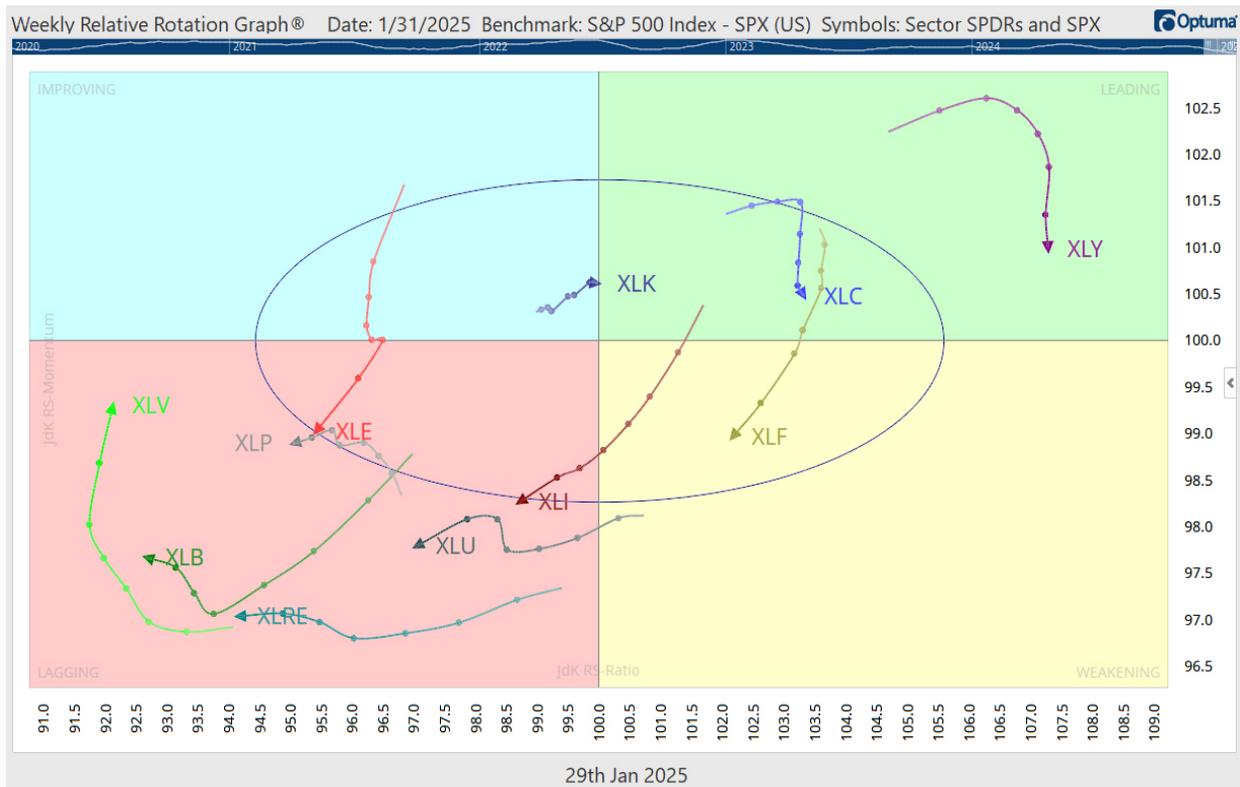
Trading Analysis Powered by MotiveWave

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Coming up Thursday after the close will be **AAPL, INTC, V, and KLAC**. Then, on Friday before the open we'll have oil giants **XOM, CVX, and PSX** reporting

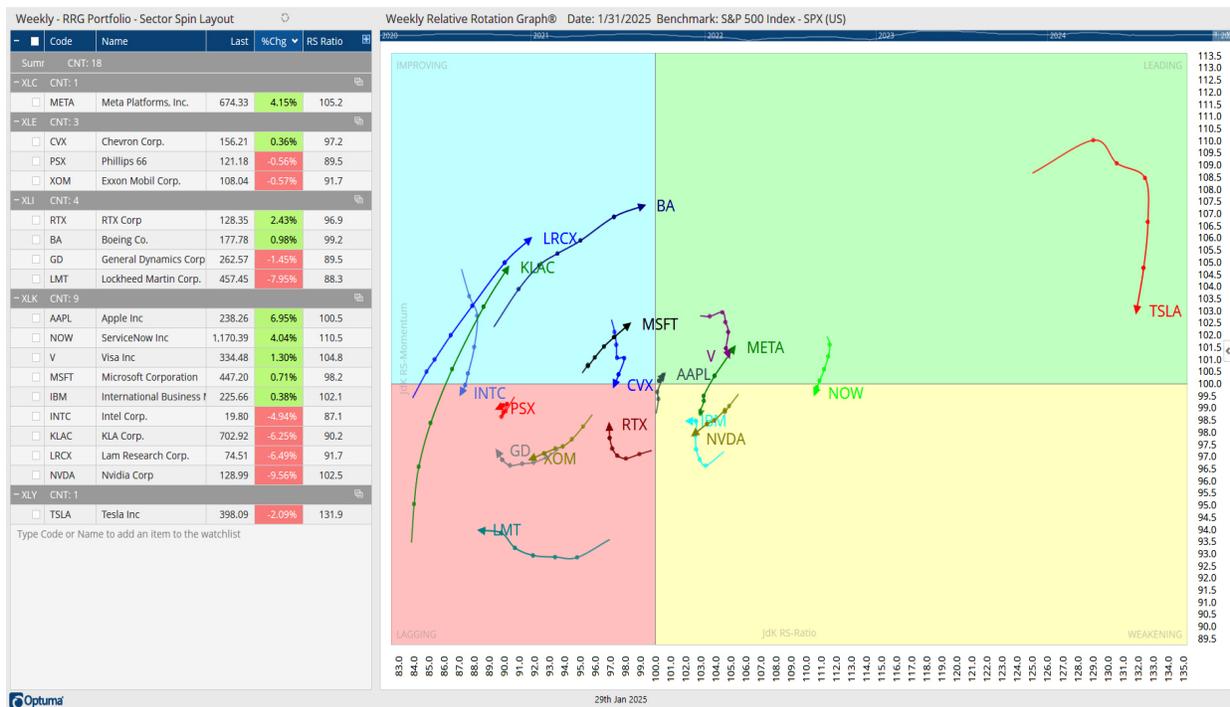
Let's look at the Weekly Sector RRG which we have been tracking a possible return to the Leading Quadrant in the **Technology** Sector, **XLK**. This Monday's Tech rout certainly put a hold on that move for now. If not **Tech**, where do we look for market outperformance now?

Weekly Sector RRG



Discretionary and Communications remain the Relative Strength leaders with **Technology** just now crossing over from the Improving Quadrant into the Leading Quadrant though the velocity of the move is still small, indicating some hesitancy in the group. **Financials** are clearly starting to lose both Relative Strength as well as Relative Momentum with a southwesterly heading down inside the Weakening Quadrant. All other sectors remain down in the Lagging Quadrant. **Healthcare** is the worst-performing sector but is has recently seen some rising Relative Momentum and could see some gains in the coming weeks ahead.

Here's the Weekly RRG for the stocks mentioned in this week's report:



TSLA holds the highest Relative Strength though it does show signs of consolidation as Relative Momentum is in decline. I like the north easterly headings seen in **META**, **MSFT**, **BA**, **LRCX**, and **KLAC**. Hook formations are apparent in **AAPL**, **RTX**, and **GD**. **IBM** had a hook formation but the current heading looks to be moving west again, signaling further declines in relative strength this week. I don't see a signal yet in the **Energy** majors that would indicate a change in direction for them, but that could change after we see Friday's earnings and follow-on price action next week.

Until next time,

Terry Long

Research Director, TradingAnalysis.com

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