



# THE MEM EDGE

Midweek Report

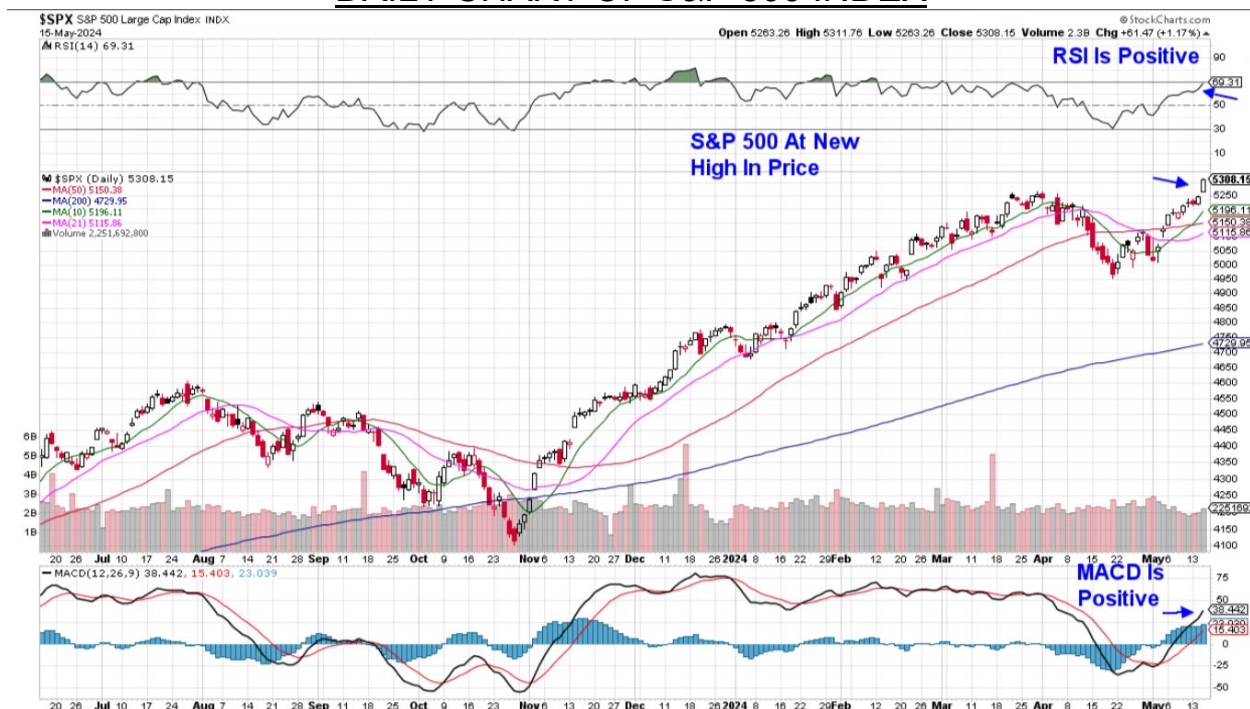
Wednesday, May 15, 2025

- Producer Price Index Rises (PPI) More Than Expected
- Core Consumer Price Index (CPI) Rises Less Than Expected
- Retail Sales Flat In April - Below Expectations
- Home Builder Confidence Falls Amid High Mortgage Rates
- Weekly Jobless Claims Tomorrow

## Notable Developments

- S&P 500 and Nasdaq Composite Post Bullish Golden Cross While Closing At New High
- 10-Year Treasury Yield Falls To 4.3%
- Semiconductor Stocks Regain Bullish Bias
- Software Stocks Reverse Downtrend
- Adding CrowdStrike (CRWD), ServiceNow (NOW), Broadcom (AVGO) To Suggested Holdings List

## DAILY CHART OF S&P 500 INDEX





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*Midweek Report*

The S&P 500 has gained 1.6% for the week in a move that puts this Index at a new high in price. With the RSI and MACD in positive territory, the uptrend in this Index remains in place.

This week's rally has a golden cross formation materializing where the shorter term 10-day simple moving average crossed above the longer term 50-day simple moving average.

As noted on Sunday, this last occurred in early May and early November of last year and both times, it preceded an uptrend with the gains averaging a length of 3.2 months.

The NASDAQ fared better with a 2.5% gain that was led by a sharp rally in Semiconductors, Software and Biotech stocks. Outperformance in most of the Magnificent Seven names also gave this index a boost.

With the RSI and Stochastics in positive territory as well as this index hitting a new high in price, the uptrend in the NASDAQ remains firmly in place.

Most of this week's bullish price action took place today after Producer Price Index (PPI) data not only came in below estimates, it showed a decline in two key inflation related areas. Namely, shelter and auto insurance which had been 2 sticky areas in prior reports.

In turn, interest rates dropped with the yield on the key 10-year Treasury now at 4.3% which is quite constructive.

The Technology sector was the top performer, with a sharp rally that pushed this sector out of a 6-week base and into a new high in price.



# THE MEM EDGE

*Midweek Report*

Gains in this area were led by outperformance in Semiconductor stocks which was led by a 5.3% gain in Nvidia (NVDA). Nvidia is in a very bullish position to trade higher as today's two week base breakout puts the stock closer to a longer term breakout at the \$974 level.

In addition, the RSI and MACD on the daily chart have further upside before possibly entering an overbought position. Ideally, we'd be a buyer of NVDA on any pullback to its 5-day simple moving average at \$910 however, given that we may not experience that, positions can be initiated closer to the current level of \$946.

Elsewhere on our list, Qualcomm (QCOM) outperformed even more, with the 7% rally that puts the RSI into an overbought position on its daily chart. The stock can be bought on a pullback to the \$186 range at its 5-day simple moving.

This week, we're adding Broadcom (AVGO) from our long-term holdings list as the stock is in a bullish position after today's 6-week base breakout on above average volume. AVGO can be bought in the \$1360 range at its 5-day moving average. Both the RSI and MACD point to further near-term upside.

Each of the stocks just mentioned are key players in AI as is Dell Technologies (DELL) which rallied 11.2% today in a gap up into a base breakout and new high in price. The RSI on the daily chart is now in an overbought position and the stock can be bought on a pullback to the \$136 range at its 5-day simple moving average.

The Semiconductor group is now in a bullish position given this week's gain which puts the MACD into positive territory with the ETF further above its 50-day moving average. (using ETF SOXX)



# THE MEM EDGE

*Midweek Report*

The Software group is also now in a bullish position with today's rally putting the group back above its key 50-day simple moving average on above average volume. In addition, the RSI is in positive territory. (using IGV).

Today, we're adding both CrowdStrike (CRWD) and ServiceNow (NOW) to our Suggested Holdings List.

As we've been citing in recent reports, CrowdStrike (CRWD) has been firming up and today's positive move in the software group has us bullish on the near-term prospects for the stock. A pullback to the \$326 range would be an ideal buy point.

ServiceNow (NOW) closed back above its 50-day moving average today on heavy volume. While this puts the stock into a new uptrend, the MACD is not quite in positive territory. We are using the late October period as precedent and would not chase the stock. Instead, look for a pullback to the \$747 range as a buy point.

The Healthcare sector is also a top performer so far this week led by a 3.2% rally in Biotech stocks. Recently added Vertex (VRTX) continues to trend higher as it finds support at its upward trending 5-day moving average. The stock can be added to at the \$430 range.

Consumer Discretionary stocks are underperforming overall however, Housing stocks have rallied 2.3% amid the prospects of lower interest rates. Recently added Toll Brothers gapped up into a cup with handle base breakout on heavy volume today ahead of the release of their earnings next Tuesday.

Using the late February period as precedent, TOL can be added to on any pullback close to its 5-day mav.





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While the Industrial sector is underperforming, select names such as Eaton (ETN) are in a buy zone after a base breakout today. Quanta (PWR) is also in a buy zone with a close back above its 5-day moving average. As noted in our Sunday report, both stocks have strong growth prospects due to their services for AI areas of the market.

Utility stocks related to AI are also continuing to outperform. This would include Southern Company from our list which remains in a confirmed uptrend at its 5-day simple moving average. the RSI is now in an overbought position so we would add lightly to any positions at this level.

Duke (DUK), which has not posted as much of a gain this week is in a better position for near-term upside and the stock is in a buy zone.

Magnificent Seven stock Alphabet (GOOGL) is in a position to trade higher after today's close back above its 10 days simple moving average. Today's bullish price action did not occur on heavy volume however, we still expect near-term upside and the stock is in a buy zone.

Overall, today's price action in the broader markets is quite constructive for further near-term upside. We would add to most new positions as they pullback after today's sharp rally.

Next week, minutes for the Federal Reserve's latest meeting will be released and comments may temper today's exuberance given recent talk from Fed Governors that inflation overall remains high.

Warmly,  
Mary Ellen McGonagle  
Editor, MEM Edge Report



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## DAILY CHART OF SEMICONDUCTOR STOCKS (SOXX)



## DAILY CHART OF SOFTWARE STOCKS (IGV)

