



THE MEM EDGE

January 20, 2025 | Weekly Report

Economic Data Released Last Week

- Both PPI And CPI Data Point To Lower Inflation
- Bank Stocks Rally Sharply Amid Strong Earnings Reports
- December Retail Sales Data Shows Robust Holiday Season
- Homebuilder Confidence Improves And New Home Starts Increase

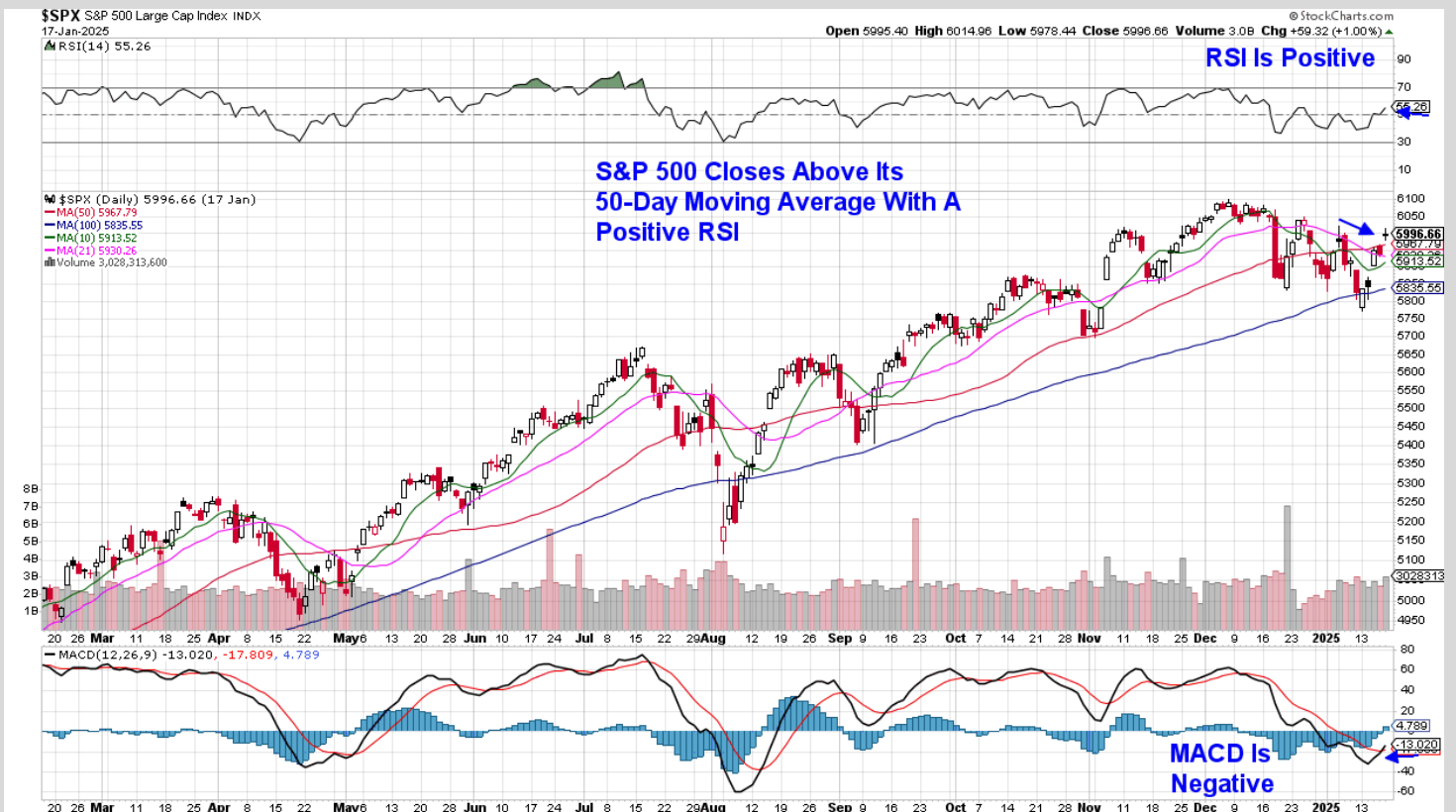
Market Developments Last Week

- Interest Rates Fall On Cooler Inflation Data
- Oil Prices Rise Amid Wider U.S. Sanctions On Russia And Cold Weather in Most Of U.S. and Europe

Upcoming Economic Data Next Week

- Leading Indicators, Consumer Sentiment, and Weekly Jobless Claims Due
- FOMC Interest Rate Decision Due Following Week
- Netflix (NFLX) Due To Report Earnings Tuesday

Daily Chart of S&P 500



The S&P 500 gained 2.9% for the week in a move that puts this Index back into an uptrend as it closed above its 50-day moving average with a positive RSI. A move of the MACD back above 0 and in positive territory, would provide further confidence in the new uptrend.

The Equal Weighted S&P 500 gained 3.9% amid a broadening out of the markets. Value stocks far outpaced Growth stocks led by outperformance in Energy due to higher oil prices and Financials after upside earnings surprises from several major Banks.

This bodes well for a continuation rally as we head further into earnings season.

The Nasdaq posted a 2.5% rally, led by outperformance in Software stocks, as well as, select Semiconductor names. Medical Products stocks such as those on our List, also boosted this Index after posting sharp gains.

The Nasdaq is in a bullish position near term, as well, after a close above its 50-day moving average with a positive RSI. Large Cap Tech stocks underperformed, with most of the M7 stocks gaining less than the markets.

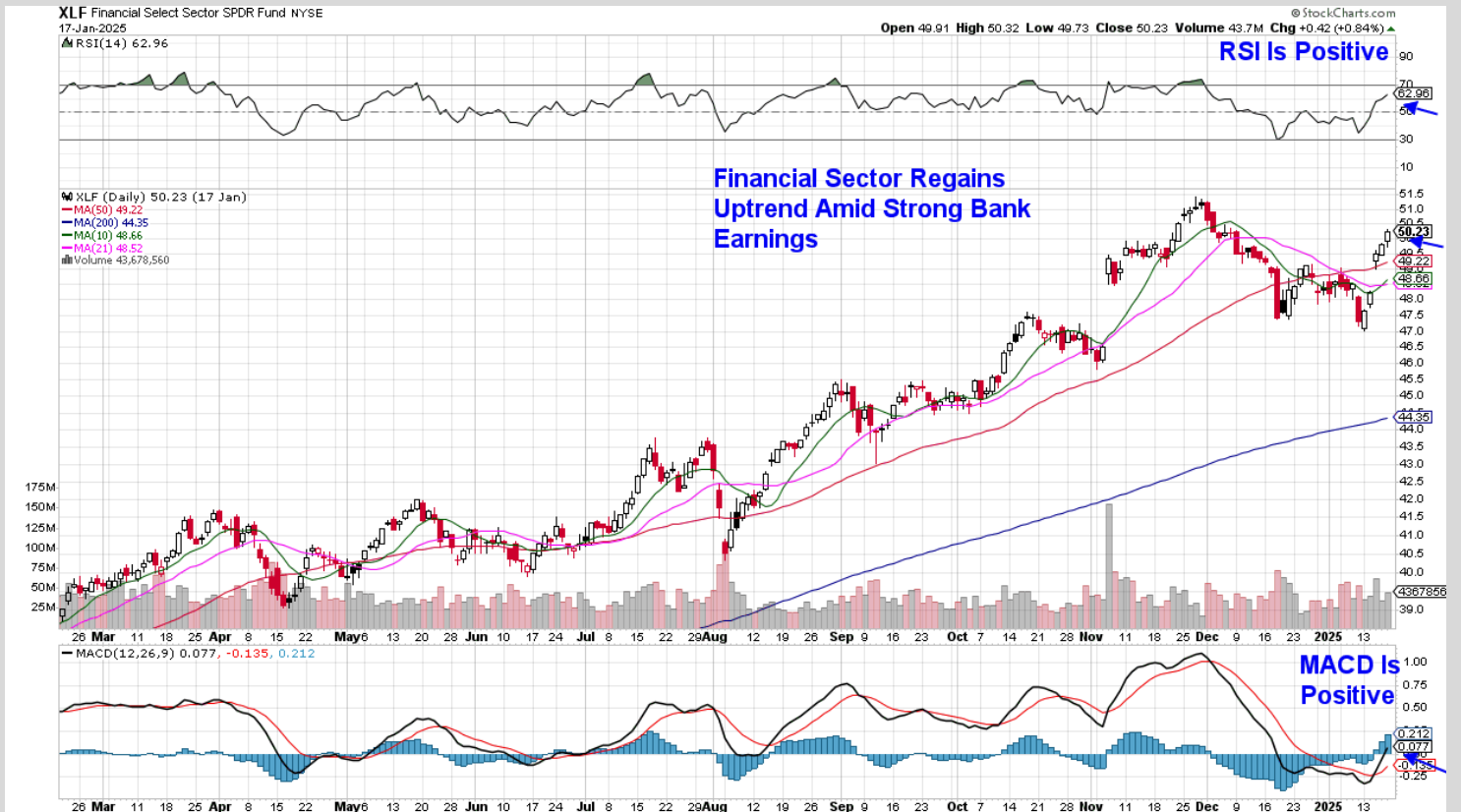
Driving last week's rally was inflation data that showed a slight slowdown which was enough to provide optimism that the Fed might be open to rate cuts this year. In turn, U.S. Treasury yields fell and the markets ended the week on a positive note.

Next week, the economic calendar is light, however, Trump's inauguration speech today is already moving the markets with the dollar falling after hints of a delay to tariffs while S&P futures are on the rise.

While we expect volatility to continue over the near term as policy shifts take hold, the market's overall bias at this time is positive.



Daily Chart of the Financial Sector (XLF)



Financial Sector Gets Boost From Big Banks

Profits at big banks surged in the 4th quarter as corporate clients returned to dealmaking and trading following Trump's election.

This week, we are adding Bank of New York Mellon (**BK**) to our Suggested Holdings List following its base breakout on heavy volume. The company reported strong earnings due to higher fee revenue and cost reductions. The stock is in a buy zone.

Wells Fargo (**WFC**) is at the top of our Watch List as the stock moves closer to a possible base breakout at the \$71.3 level. The company reported a 47% increase in 4th quarter profits with an improved growth outlook.

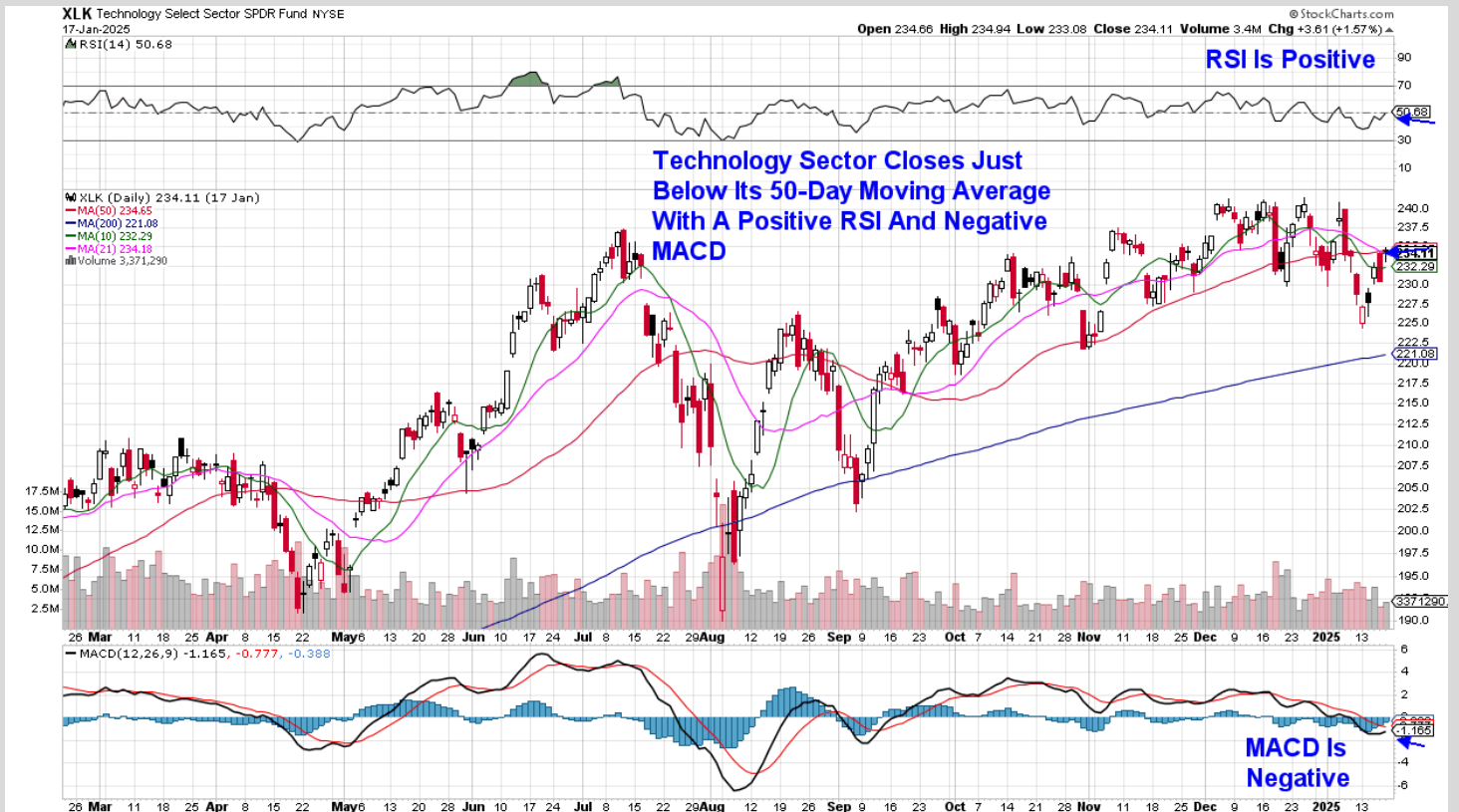
Interactive Brokers (**IBKR**) is due to report earnings tomorrow after the markets close. Analysts have been revising their earnings estimates higher after the company reported strong trading activity since the November election. This is generally constructive going into earnings.

The stock is in a bullish position to trade higher should they post strong results.

Regional Banks rallied 8% last week however, the group remains below its 50-day moving average. (using ETF KRE) Several Regional Banks from our Watch List are due to report earnings next week which may propel this group into an uptrend.

We will continue to monitor these names as they release earnings.

Daily Chart of the Technology Sector (XLK)



Technology Sector Hurt By Underperformance In Heavyweights

The Tech sector closed the week below its 50-day moving average with a positive RSI and negative MACD.

While there were pockets of strength, a 3% decline in Apple (**AAPL**) and a modest gain of 1.3% in Nvidia (**NVDA**), had this sector gaining less than the markets last week.

NVDA began on a weak note after Monday's news that their first Blackwell chip shipments were delayed due to tech issues. In addition, U.S. caps on how many advanced AI chips can be exported also pushed the stock lower.

Nvidia (**NVDA**) closed the week below its 50-day moving average with a positive RSI and negative MACD. We would be a buyer on a close above its 50-day moving average which is 1.4% away. Until then, the stock can be held.

In other Semi news, Taiwan Semiconductor (**TSM**) reported record quarterly results on Thursday driven by AI demand. In addition, management guided growth estimates higher for the remainder of the year.

The stock ended the week several points above its 5-day moving average and with a positive RSI and MACD, the stock is in a buy zone.

Last week, the Semiconductor group (using SOXX) gained 5.3% led by a rally in beaten-down names which were upgraded due to AI-related growth prospects. The gains puts this group back into an uptrend, with a close above its 50-day moving average and a positive RSI and MACD.

This week, we are adding Broadcom (**AVGO**) from our long-term buy and hold list back to our Suggested Holdings List.

The company is the second largest producer of AI accelerators behind Nvidia, and the stock closed the week above its shorter-term moving averages with a positive RSI and MACD. This puts **AVGO** into a buy zone, and a bullish MACD crossover - black line up through the red - would put it into a strong buy zone.

Software stocks gained 3.2% for the week however, it was not enough to reverse this group's downtrend as it is below its 50-day moving average with a negative RSI and MACD. (using ETF IGV)

Palantir (**PLTR**) was among the outperformers last week, with a 6.7% gain that puts this stock closer to reversing its downtrend. A close above its 21-day moving average - 3% away - would put the stock into a buy zone, as last week's rally pushed the RSI into positive territory.

PLTR posted sharp gains following Trump's election due to views that AI will play a bigger role in homeland security and defense spending. In turn, analysts have been concerned about the stock's expensive valuation which caused the stock's recent pullback.

As cited, we are on the lookout for **PLTR** to close above its 21-day moving average which would put it into a strong buy zone. For now, the stock can be held.

Software security company Fortinet (**FTNT**) closed the week above its 50-day moving average; however, it was unable to regain its uptrend as the RSI and MACD are negative and the stock found upside resistance at its 21-day moving average.

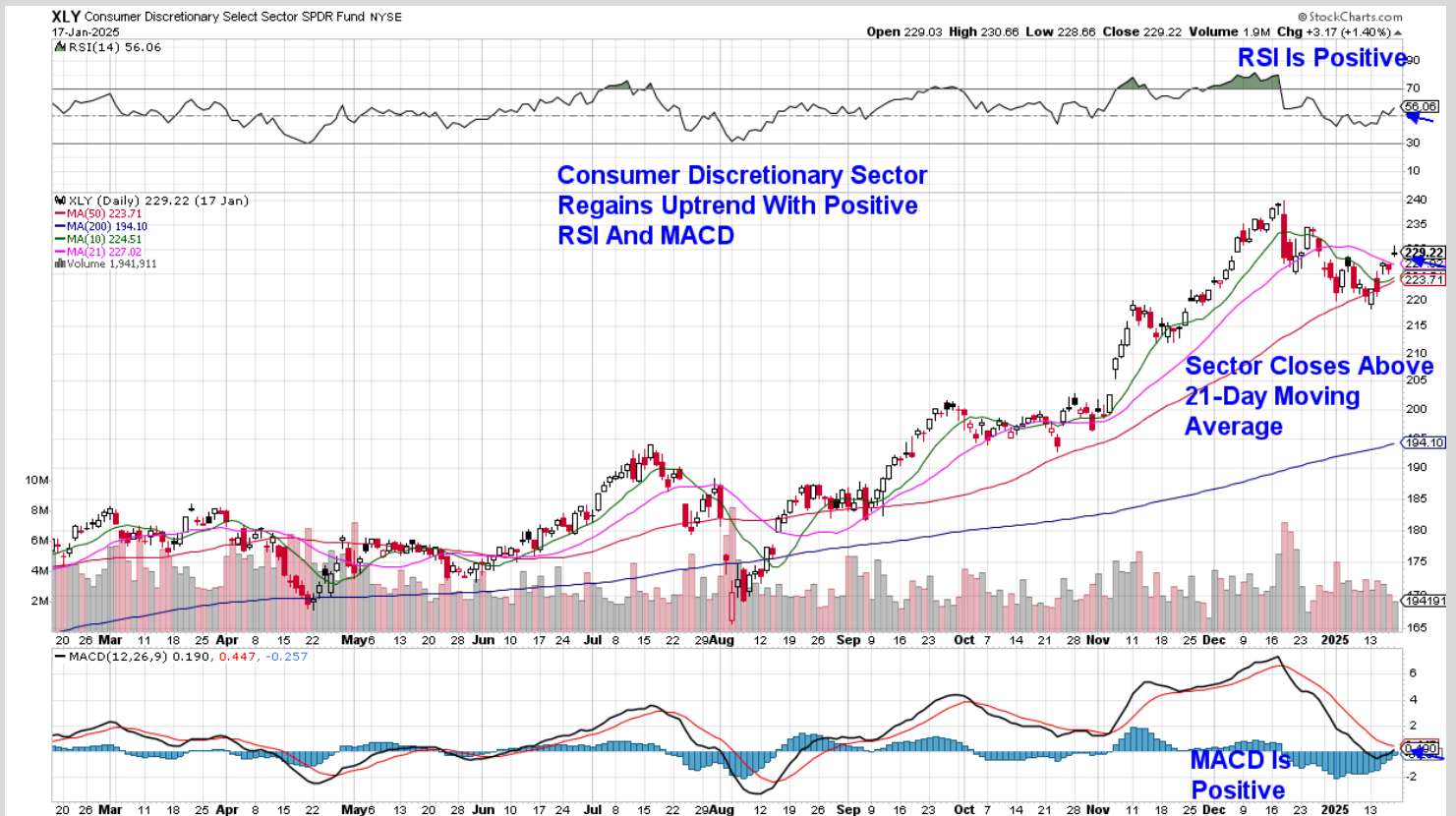
This week, we are adding ServiceNow (**NOW**) to our Suggested Holdings List after last week's close above each of its moving averages with the RSI turning positive. We would add lightly to new positions however and look for a positive MACD crossover to confirm its new uptrend.

A close above this moving average - which is 1.3% away - coupled with a positive RSI and MACD, would put the stock into a buy zone.

Networking company Arista Networks (**ANET**) gained 5% last week amid several major Wall Street upgrades. **ANET** helps companies build networks that provide the digital infrastructure needed for data centers that help AI operate at peak efficiency.

ANET closed the week at a new high following a 2-week base breakout due to its upgrades. The stock is in a buy zone.

Daily Chart of the Consumer Discretionary Sector (XLY)



Consumer Discretionary Sector Regains Its Uptrend

The Discretionary sector rallied amid outperformance in heavyweight stock Tesla (TSLA) which gained 8% for the week. The gain took place after a Wall Street upgrade and a bias toward “Trump trades” going into the elections also provided a boost.

TSLA is in a buy zone after closing the week above its 21-day moving average coupled with a positive RSI and MACD. A bullish MACD crossover (black line up through the red) would put the stock into a strong buy zone.

While Amazon (**AMZN**) is the world’s largest online retailer, last week’s 3.2% rally took place due to an

anticipated acceleration in AWS growth in 2025. The company offers data automation services that allow developers to build AI applications.

AMZN is in a strong buy zone after closing the week above its 21-day moving average with a positive RSI and MACD.

Walmart (**WMT**) closed the week above its 21-day moving average with a positive RSI. The move puts the stock into a buy zone with a bullish MACD crossover putting the stock into a strong buy zone.

Ralph Lauren (**RL**) is in a buy zone after closing the week above its 10-day moving average with a positive RSI and MACD. The stock gained 1.2% amid analyst upgrades for this year and next.

RL is in a buy zone with a possible 2-week base breakout at \$246 putting the stock into a strong buy zone.

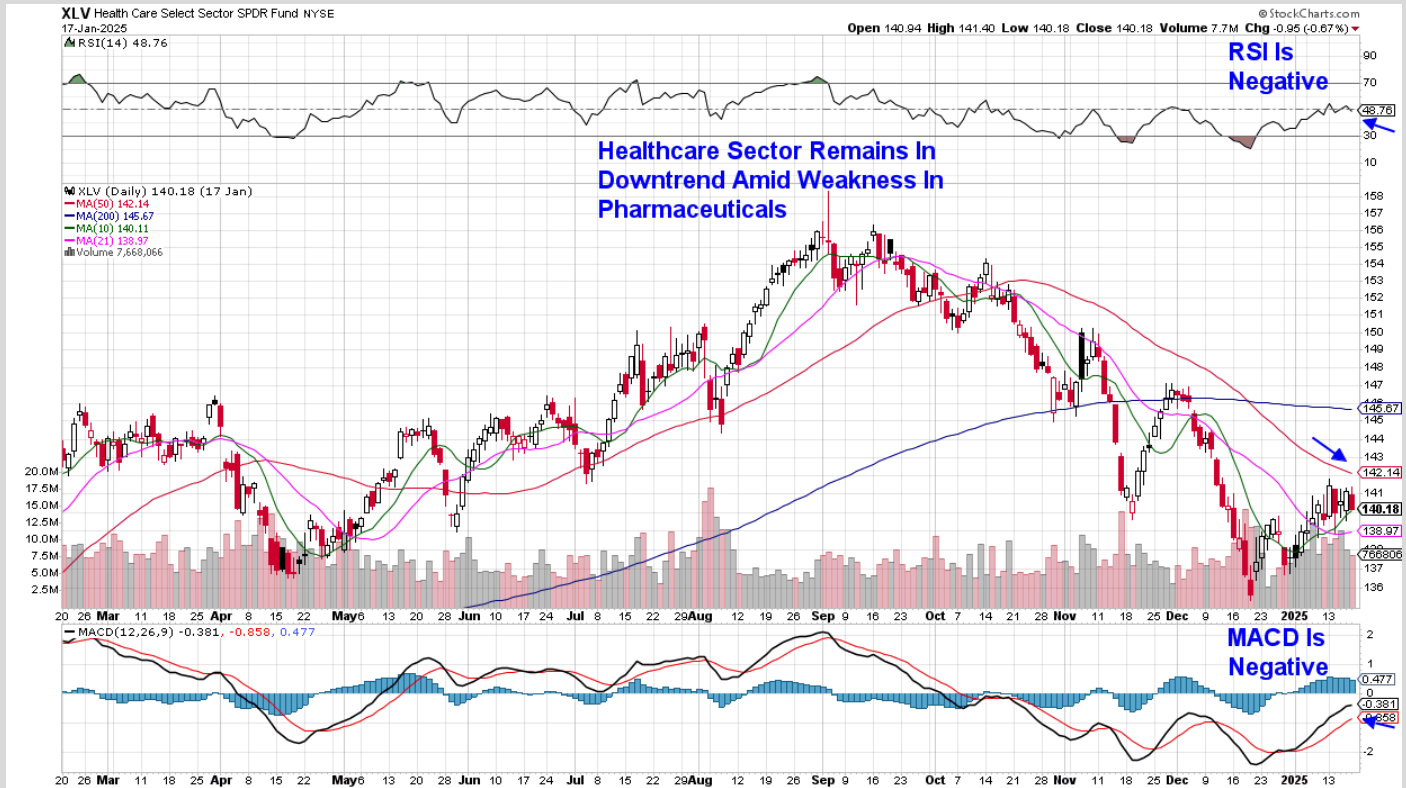
Interest rate-sensitive areas rallied last week as Autos, Home Construction, and Home Furnishing stocks were among the top performing. Retailers overall continue to struggle, however, with the S&P Retail ETF (XRT) falling 0.8% which keeps the group in a confirmed downtrend.

Last week, once highflying Abercrombie & Fitch (**ANF**) fell 19% due to a reduced growth outlook and the decline led other retailers lower.

Retailers are among the last to report earnings which means we may see this group continue to lag over the next several weeks.



Daily Chart of the Health Care Sector (XLV)



Healthcare Sector Remains In a Downtrend

Healthcare stocks are continuing to struggle as large Pharmaceutical companies face an uncertain outlook due to Trump's selection of RFK Jr. to head the HHS.

Biotechs and Healthcare Providers are also in confirmed downtrends with their declines gaining momentum after Trump's announcement that he will let RFK "go wild" on healthcare.

Medical Products companies are not as sensitive to policies and instead, trade in response to earnings and sales growth.

Last week, Intuitive Surgical (**ISRG**) from our List gained 8.3% following the release of their preliminary 4th quarter earnings which were well above estimates. The company is due to report their

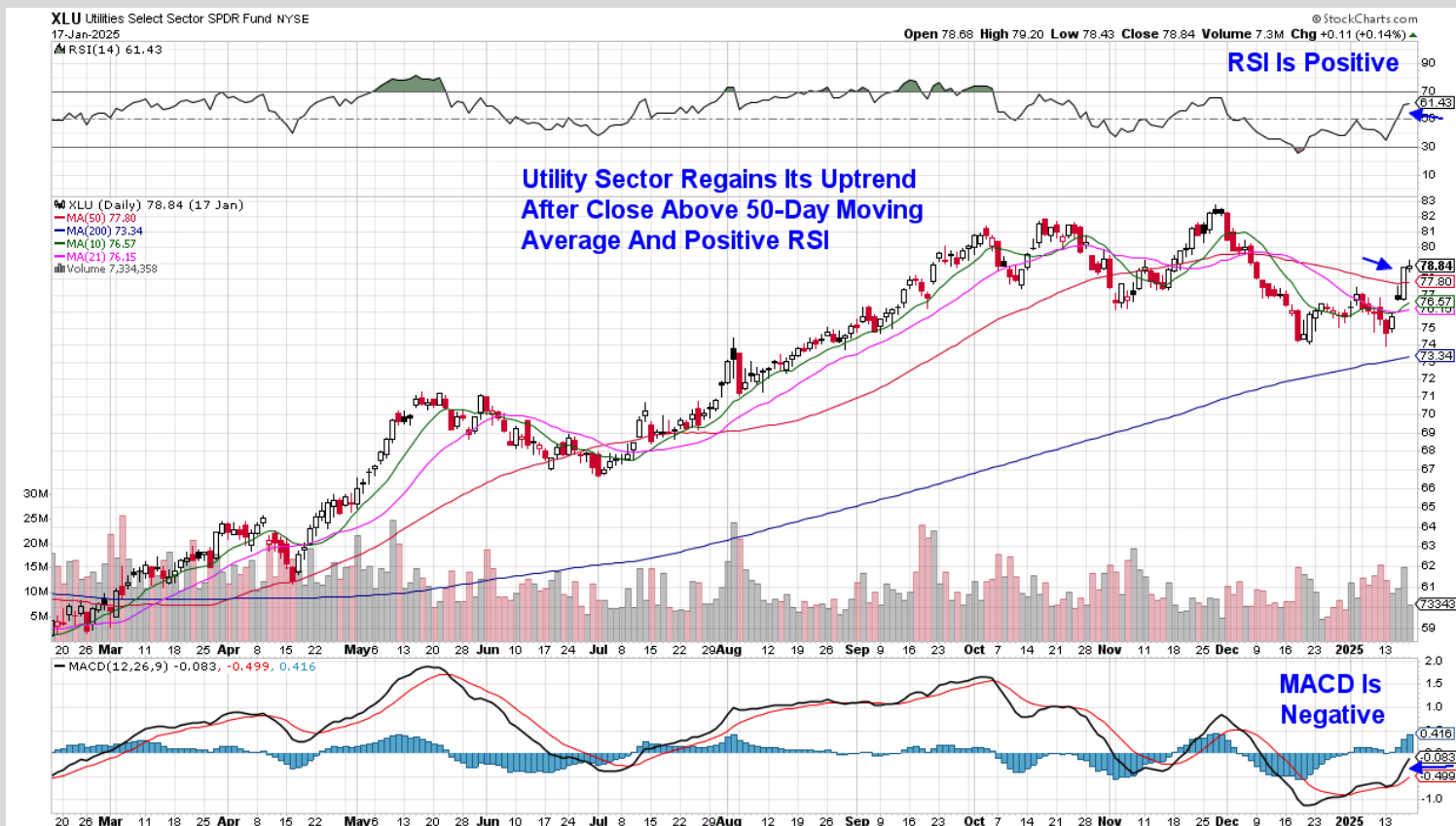
quarterly results on Wednesday after the markets close. **ISRG** is extended out of a buy zone after last week's sharp rally.

Boston Scientific (**BSX**) outperformed last week as well with a 4% gain which followed the release of an upgraded forecast for the growth of their PFA device sales.

Using **BSX**'s August advance as precedent, we would be a buyer of the stock on any pullback to the \$97 range at its 5-day moving average.

In addition to being more immune to government policies, the Medical Products group received a boost from JP Morgan's Healthcare conference which ended last Wednesday. Management from major companies provided mostly bullish insights to Wall Street analysts.

Daily Chart of the Utilities Sector (XLU)



Utility Sector Regains Uptrend

The Utility sector posted a 4.3% gain led by optimism regarding growth due to AI-related demand for energy. The gains are part of the “Trump trade” as the incoming administration is expected to reduce regulatory burdens.

Constellation Energy (**CEG**) was added to our Suggested Holdings List Wednesday, following Wall Street price target upgrades after their acquisition of Calpine.

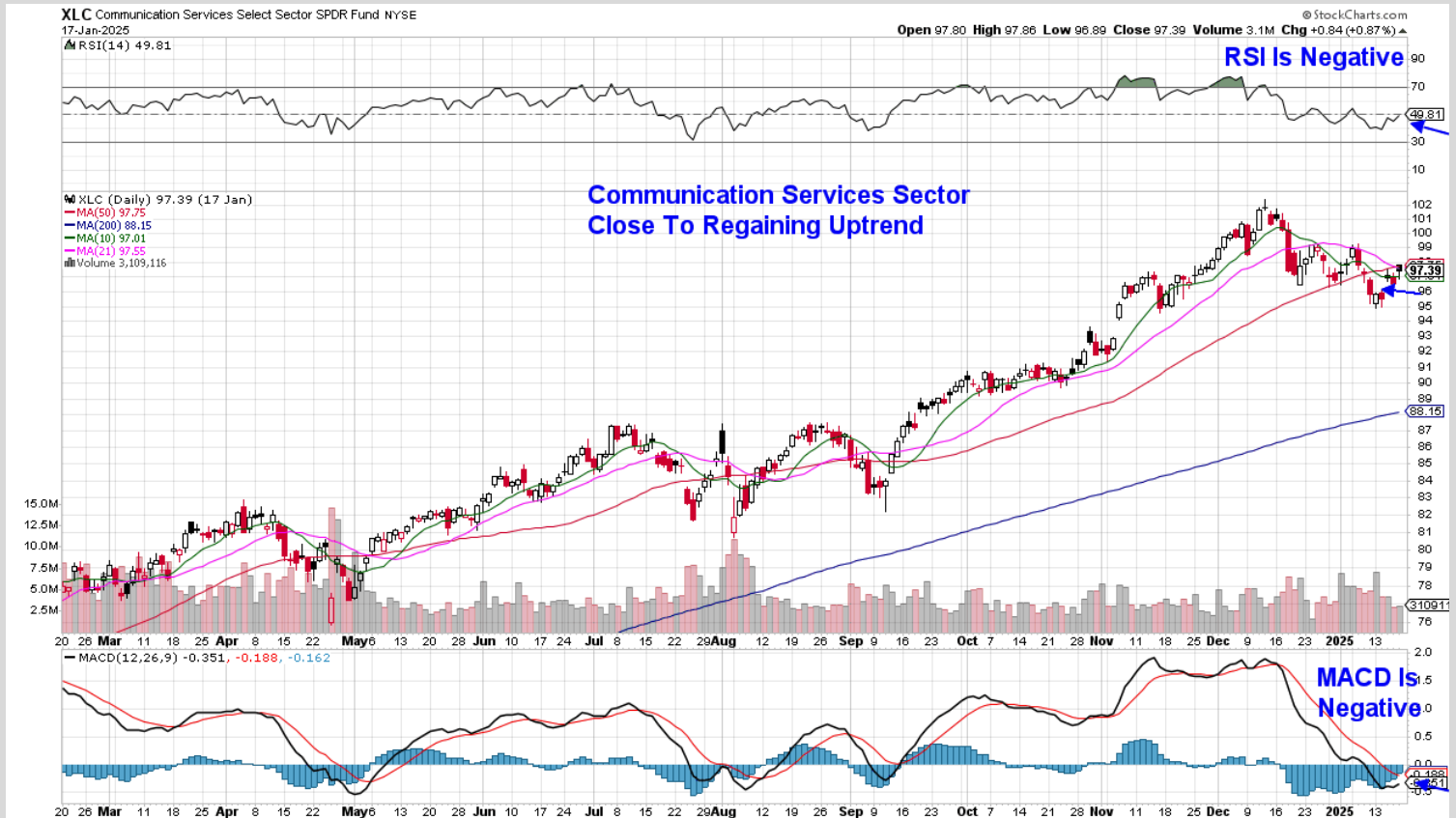
Calpine’s focus on natural gas is seen as beneficial to the growth prospects of **CEG**. The stock posted a 5% gain since being added which has the stock extended above a buy point. A pullback to the \$300 range at its 5-day moving average would be a good entry point.

Today, we are adding **Vistra (VST)** to our Suggested Holdings List after last week’s base breakout. **VST** is capitalizing on increased demand for energy due to the expansion of data centers for AI.

The company experienced a fire on Thursday at their battery plant in California which is considered one of the world’s largest. At this time, the damage has not been assessed and we would add lightly to new positions until more information is released.

We anticipate the Utility sector to continue to trade higher after Trump declared a national energy emergency to accelerate permitting of power plants today at his inauguration.

Daily Chart of the Communication Services Sector (XLC)



Communication Services Sector Underperforms

The Communication Services sector was weighed down by underperformance in heavyweight names Alphabet (**GOOGL**) and Meta Platforms (**META**).

META experienced a choppy week as news surrounding TikTok's potential closing impacted the stock. **META** has a rival service called Reels that users were considering as an alternative.

TikTok was restored after 1 day of not being available so that volatility surrounding **META**'s potential gains will subside.

META closed the week above its 10-day moving average with a positive RSI and MACD. While this is bullish, near-term momentum in the stock is flat.

META is due to report earnings in 9 days.

META is in a buy zone however, we would not overweight the stock at this time.

Heavyweight Internet stock Netflix (**NFLX**) is due to report their earnings on Tuesday after the markets close. We are on the lookout for the stock to regain its uptrend on positive results.

Summary

Last week's gains were spurred by a change in the outlook for the Fed's interest rate policy after inflation reports showed a slight deceleration. While investors are not on the lookout for a rate cut at the next FOMC meeting later this month, the news was enough to bring interest rates lower with rate sensitive areas moving higher.

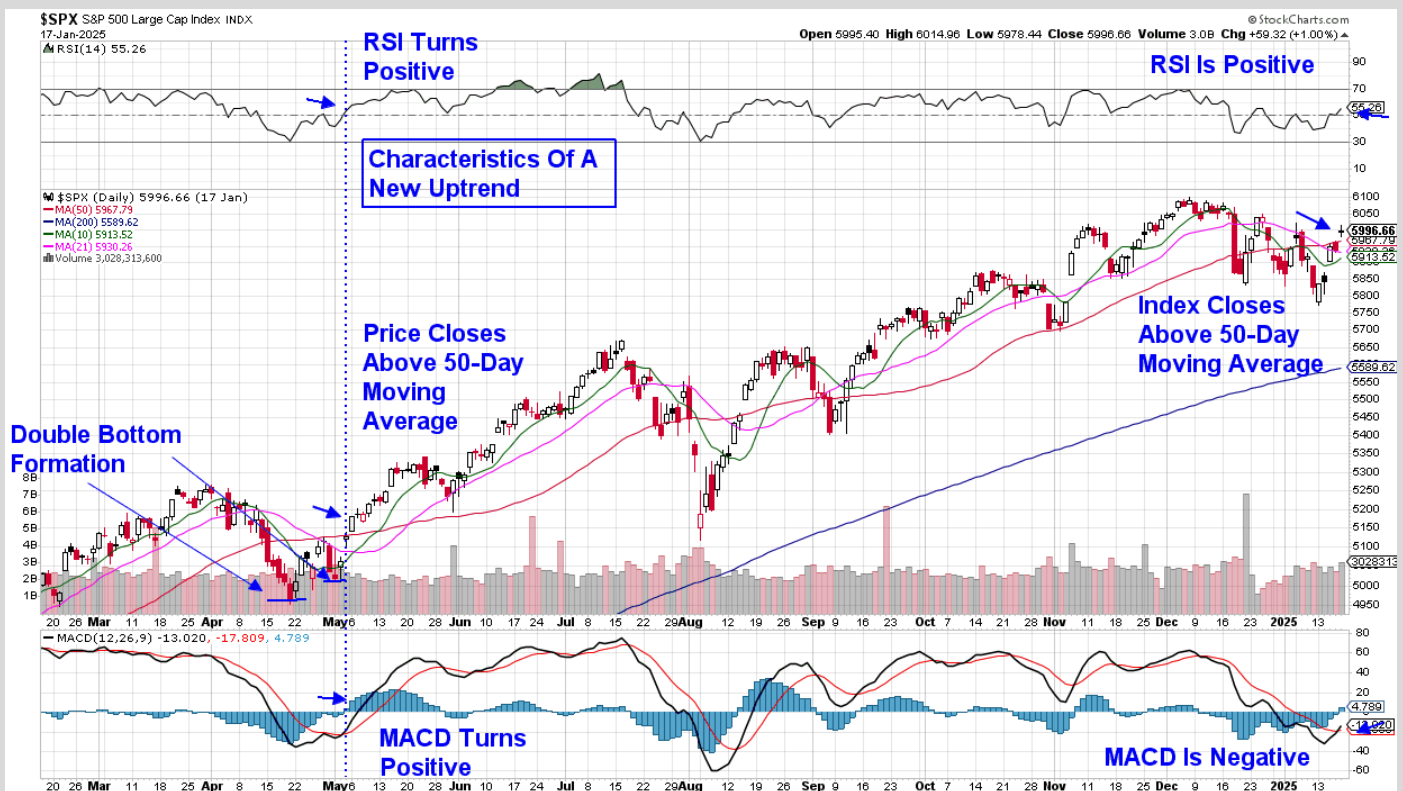
The real mover for the markets however was the release of strong earnings reports as every major bank that reported last week came in with numbers above estimates. Strong earnings reports are the number one driver of stocks that go on to outpace the markets.

Next week, we anticipate volatility as Trump intends to hit the ground running with a slew of executive orders to be signed on day one. At this time, his focus is on a crackdown on illegal immigration as well as an easing of regulations on oil and natural gas production.

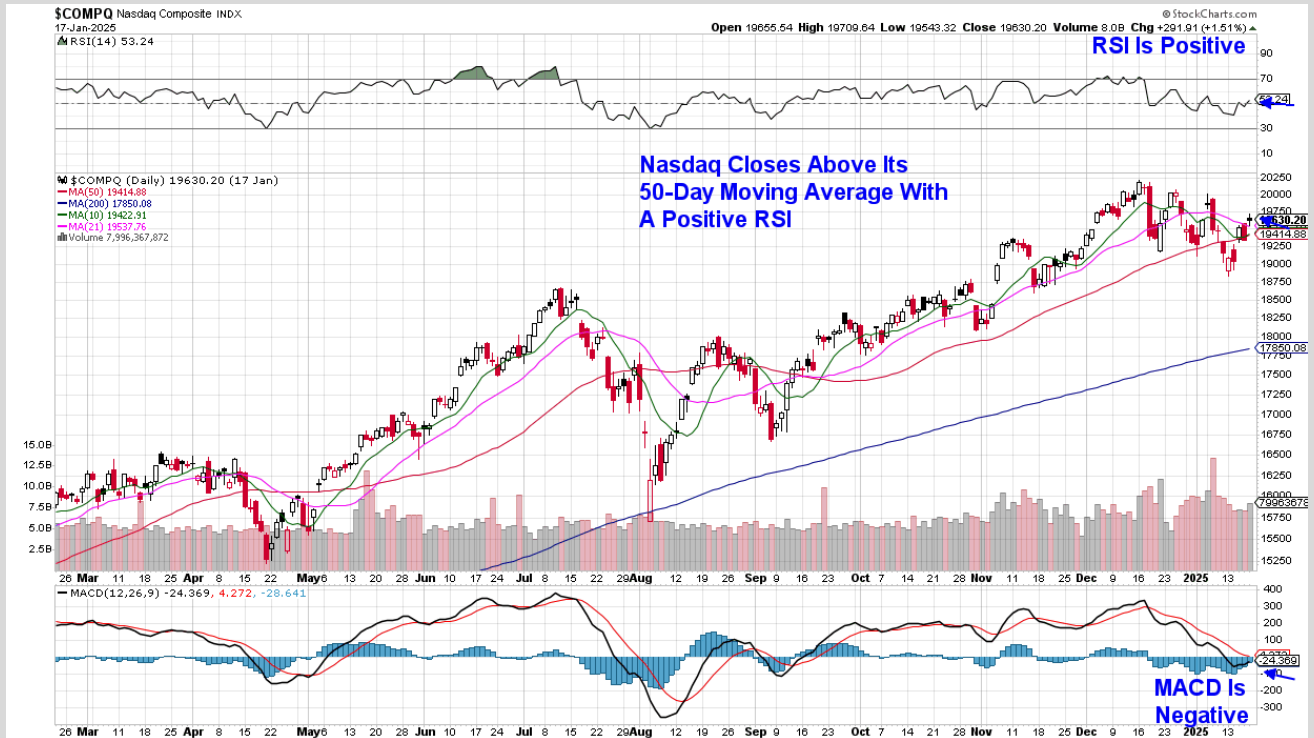
While the Fed's path and the new administration's policies are somewhat uncertain, the markets are entering an earnings season that's expected to be positive coupled with an interest rate backdrop that supports lower borrowing rates.

Charts We Are Watching:

Daily Chart Of SPX Shows New Uptrend



Daily Chart of the Nasdaq Composite (\$COMPQ)

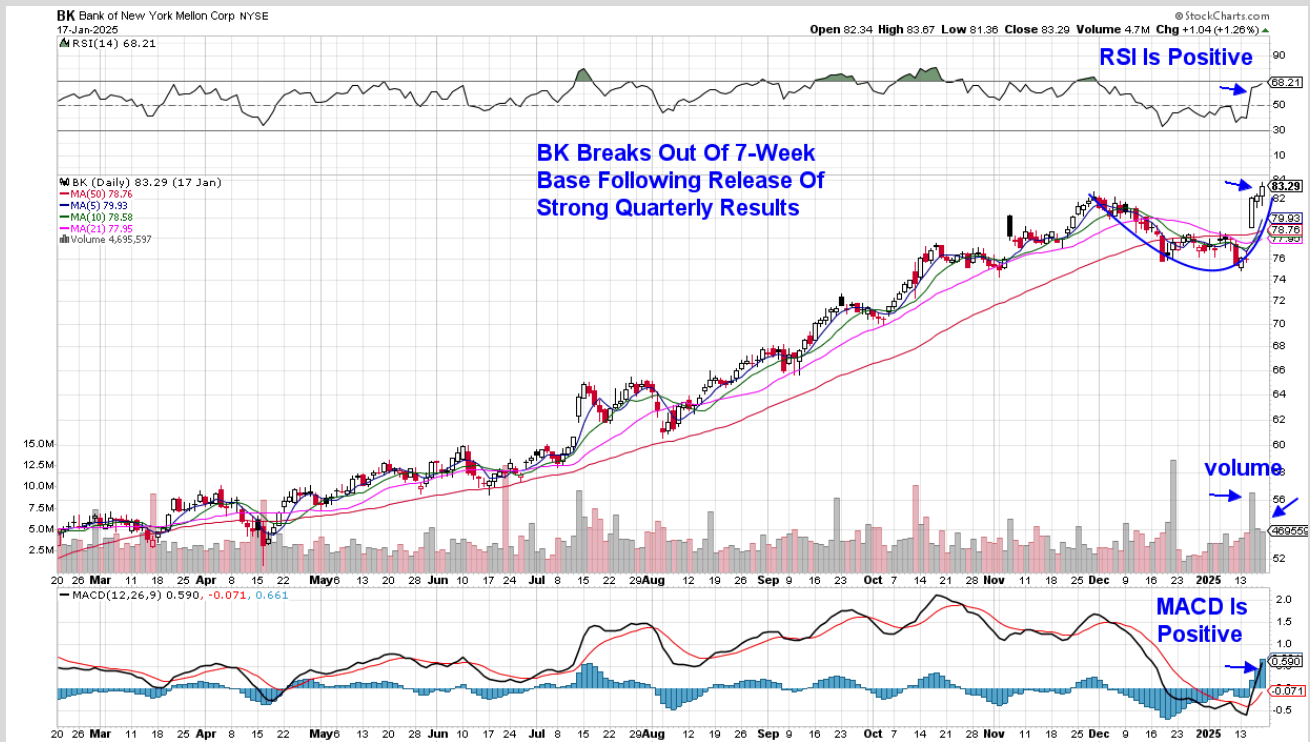


New Idea Charts:

Daily Chart of Broadcom Inc. (AVGO)



Daily Chart of Bank of New York Mellon Corp. (BK)



Daily Chart of ServiceNow, Inc. (NOW)



MEM Edge Report Suggested Holdings

Stocks With Emerging Leadership Characteristics

\$ = Earnings Due	Buy Zone	Strong Buy	Buy on Pullback	Removed From List
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SYMB	COMPANY	PRICE	DATE ADDED	PERFORMANCE	EARNINGS DUE
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CONSUMER DISCRETIONARY

AMZN	Amazon	\$191.60	9/22/2024	24.0%	
RL	Ralph Lauren	\$230.30	12/22/2024	2.5%	
TSLA	Tesla	\$428.20	1/15/2025	0.0%	
WMT	Walmart	\$72.90	8/15/2024	21.5%	

FINANCIAL

BK	Bank of New York Mellon	\$83.30	1/20/2025		
IBKR	Interactive Brokerage Group	\$183.70	1/5/2024	3.5%	

UTILITY

CEG	Constellation Energy	\$315.90	1/15/2025	5.0%	
VST	Vistra	\$170.90	1/20/2025		

HEALTHCARE

BSX	Boston Scientific	\$81.80	9/2/2024	20.5%	
ISRG	Intuitive Surgical	\$598.80	10/20/2024	40.0%	

TECHNOLOGY

ANET	Arista Networks	\$112.80	12/22/2024	6.0%	
AVGO	Broadcom	\$237.40	1/20/2025		
FTNT	Fortinet	\$82.80	10/13/2024	10.0%	
NOW	ServiceNow	\$1,071.50	1/20/2025		
NVDA	Nvidia	\$144.50	1/5/2025	-4.5%	
PLTR	Palantir	\$32.10	8/18/2024	122.0%	
TSM	Taiwan Semi	\$200.70	12/4/2024	4.0%	

COMMUNICATION SERVICES

META	Meta Platforms	\$623.80	12/8/2024	-1.0%	
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Longer Term Hold Candidates That Were Removed From Suggested Holdings List

SYMB	COMPANY NAME	CURRENT STATUS
AAPL	Apple	Hold
NFLX	Netflix	Hold

These stocks were removed due to short term downtrends after breaks below key support. However, their longer term weekly charts remain constructive and these stocks can be held.

Glossary of Terms Used From Our Suggested Holdings

Buy Zone

This means the stock is in a confirmed uptrend and is finding support at its upward-trending key moving averages and can be bought. If you own the stock, stay with it.

Strong Buy

This means we have slightly more conviction in the ability of this stock to outperform the markets over the next week. The stock may be poised to break out of a base, it may be in a strong industry group or there may be recent good news. In other words, the stock has some edge that should help propel the stock higher.

Buy on Pullback

In this case, the stock is a bit over-bought (or extended) and may need to come in a little before buying. This is usually following a particularly strong week where the stock was up a lot. We would look for a pullback to the stock's upward-trending 10-day moving average as an optimal entry point.

Not Highlighted

These are stocks that remain positive and can be held if you own them. However, they currently do not appear poised to have an upward move. The stock may be consolidating after a large advance or be in an industry group that is not in favor. The longer-term uptrend remains in place however.

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