



THE MEM EDGE

May 11th, 2025 | Weekly Report

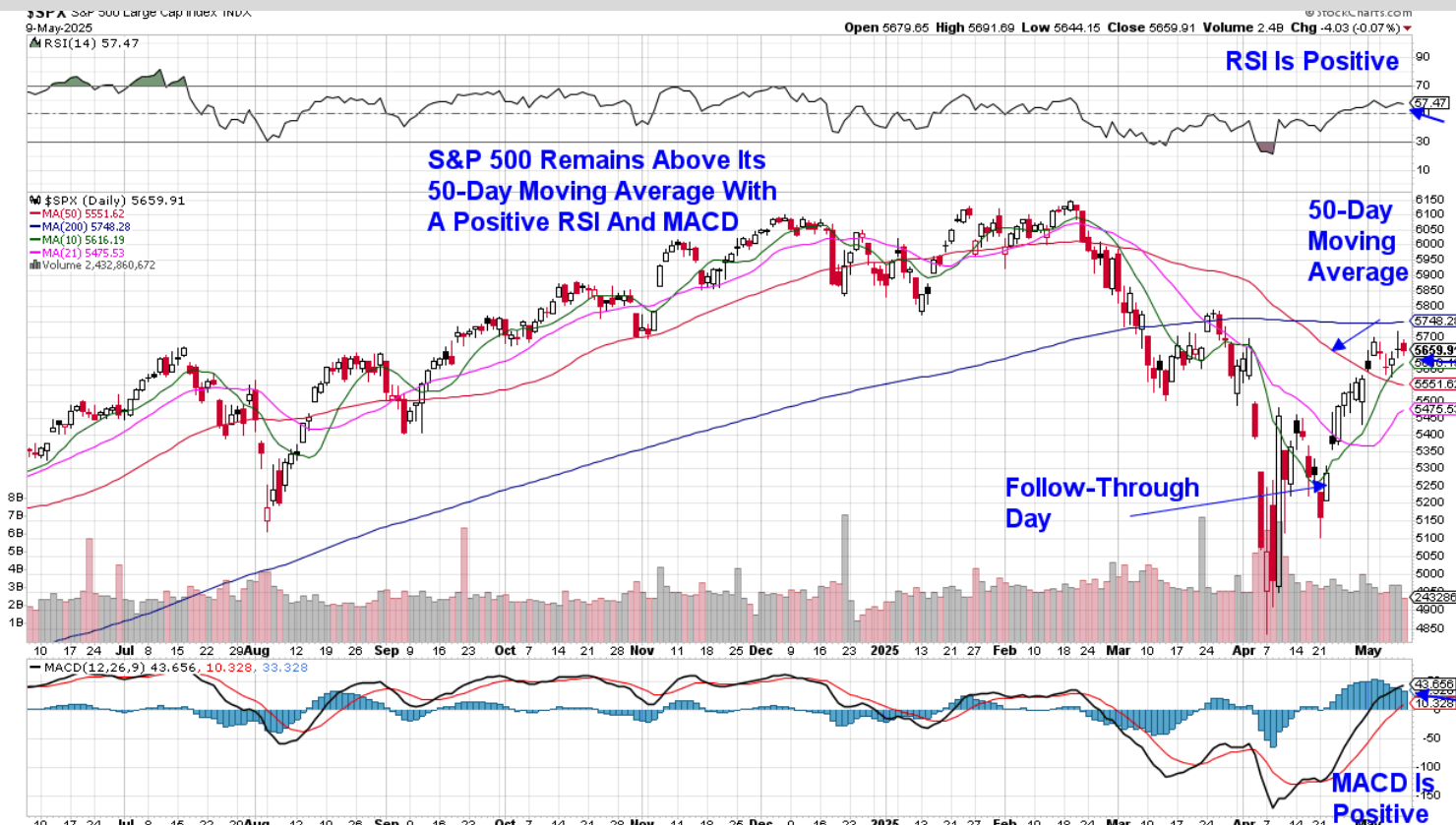
Critical Events From Last Week

- Tariff Deal Is Struck Between U.S. And China - Details To Be Revealed Monday
- Federal Reserve Keeps Interest Rates Unchanged Amid Increased Risks Of Higher Unemployment And Inflation
- Biotech Tumble As Trump Moves Closer To Appointing New Committee Head (**IBB**)
- UK Cuts Interest Rates

Economic Data Due Next Week

- April Consumer Price Index (**CPI**) Will Be Released Tuesday
- April Producer Price Index (**PPI**) And Retail Sales Due On Thursday As Well As Industrial Production Data

Daily Chart of S&P 500



The S&P 500 closed the week down 0.5%, with a positive RSI and MACD that keeps the near term uptrend in place. In the chart of the S&P 500 below we highlight breadth which is continuing to expand, with 62% of stocks now trading above their 50-day moving average.

This is terrific news, as an expansion of participation in the current market's uptrend will increase the chances of a continuation rally. In another bullish note, the move into areas that were recently in a downtrend has been mostly due to better than expected earnings reports.

Better than expected earnings reports coupled with a positive corporate growth outlook, is the hallmark of a bull market.

There are other factors at play with these markets however - namely shifts in government policy and threats of a possible trade war. Talks over this past weekend are expected to clear up uncertainty surrounding the U.S. and China's tariff rates.

The Tech heavy Nasdaq posted a similarly modest decline for the week which keeps its near term uptrend in place.

Should the tariff agreement with China not be lowered enough so that inflation and/or an economic slowdown in the U.S. can be averted, we expect the markets to respond negatively.

Both the S&P 500 and the Nasdaq are close to trading back above their 200-day moving averages. This is 2% away for the SPX and 3% away for the Nasdaq, and a move above this area of possible upside resistance would be quite bullish.

Economically sensitive areas of the market fared the best last week, led by Small Caps which have now posted 5 consecutive weekly gains. These stocks are now in an uptrend with a close above their 50-day moving average and a positive RSI. (using **ETF IWM**) Other economically sensitive areas also fared well, with Industrials, Banks, Consumer Discretionary and Semiconductors outperforming due primarily to earnings that were above estimates.

Healthcare stocks pulled back sharply led by an 8% drop in Biotech stocks (using **IBB**).

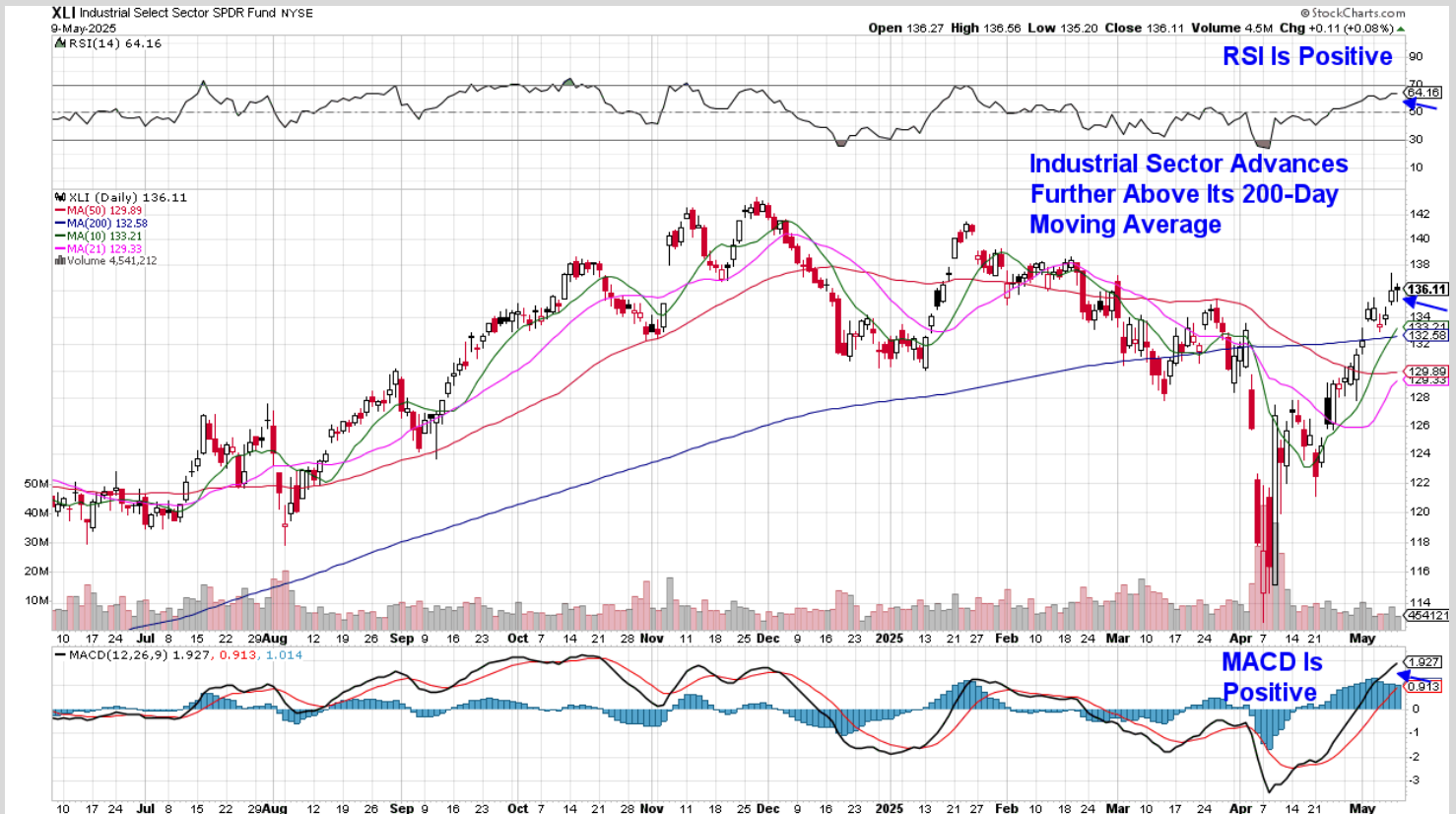
The decline took place following news that a controversial new director of the FDA's Center for Biologics has been appointed.

He's known for his outspoken criticism of the FDA and in particular, the pharmaceutical industry's fast approval of select drugs. This is a negative for Biotechs and Pharmaceuticals.

On a positive note, AI related stocks are continuing to outperform, as major players in this industry are reporting strong demand for their services. In addition, large customers such as Microsoft (**MSFT**) and Meta (**META**) have announced continued plans to spend on AI infrastructure.

At this time, we have four of the leadership names in AI on our Suggested Holdings List with Snowflake (**SNOW**), Palantir (**PLTR**), Netflix (**NFLX**) and Broadcom (**AVGO**) each in a confirmed uptrend.

Daily Chart of the Industrial Select Sector (XLI)



Industrial Sector Is Top Performing

The Industrial sector was boosted by a sharp gain in Airline stocks, following the government's plan to modernize the air traffic control system. Trade deal optimism also provided a positive backdrop as it improved the overall economic outlook.

Defense stock AeroVironment (**AVAV**) gained 4.2% last week after the launch of a new breed of fully autonomous unmanned aircraft systems. The stock is in a buy zone as it continues to find support above its upward trending 5-day moving average.

The weekly chart of AVAV is particularly bullish after the RSI closed in positive territory last week while the MACD posted a bullish crossover. This bodes well for the longer term outlook of the stock. A close

above its 200-day moving average - which is 4.3% away - would be very positive.

Heavy construction stock Mastex (**MTZ**) also outperformed, with a 5.2% gain on the heels of their 400% yoy increase in earnings reported the prior week. The weekly chart is in a bullish position with a now positive RSI and a bullish MACD crossover into positive territory.

MTZ is in a strong buy zone as it moves closer to a possible \$167 base breakout.

Quanta Services (**PWR**) is another heavy construction company that gapped up on strong earnings the prior week. The weekly chart points to further upside with the RSI in positive territory and

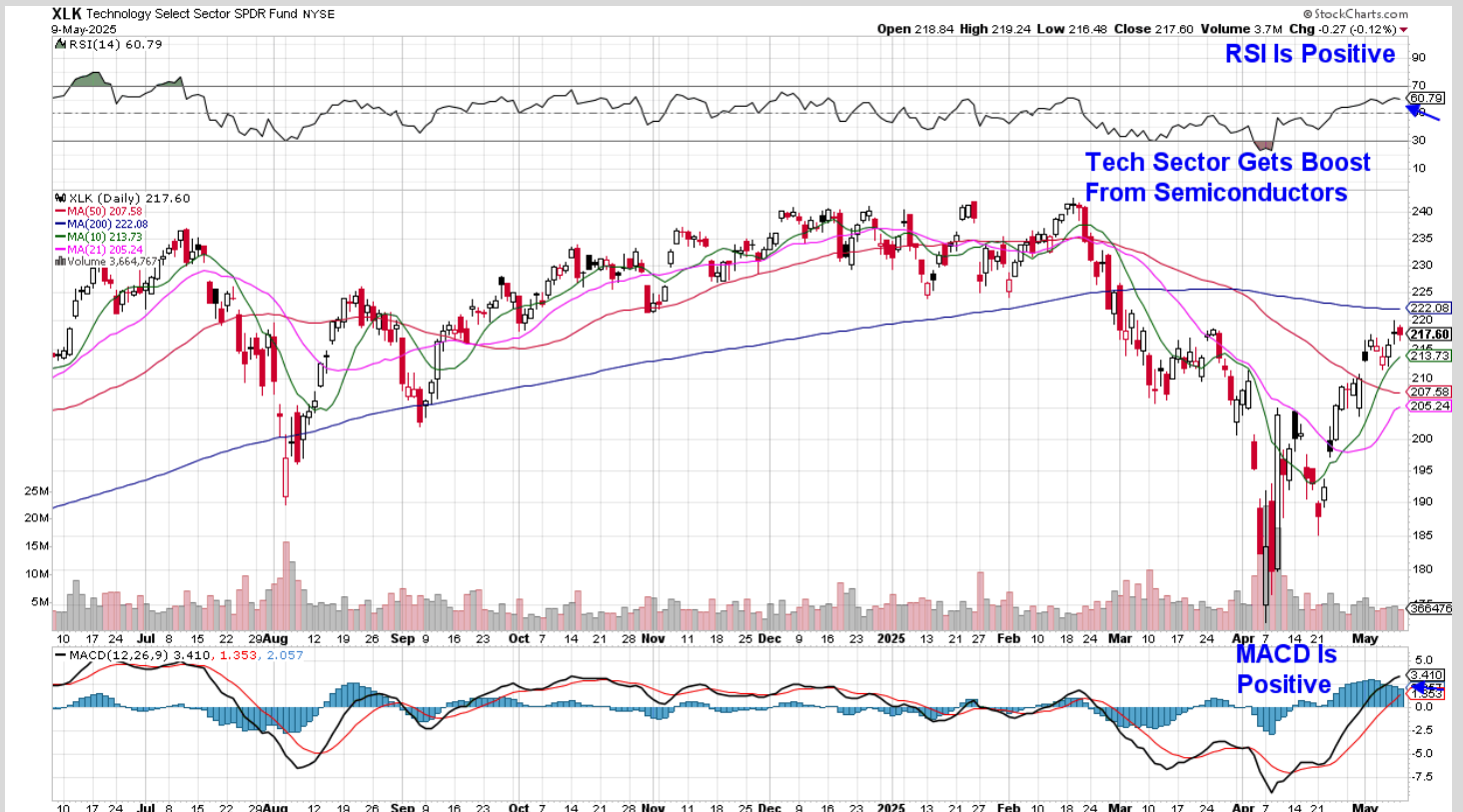
the MACD just posting a bullish crossover. PWR is in a buy zone.

Rocket Lab (**RKLB**) dropped sharply on Friday after the company beat estimates but gave a subdued outlook for the current quarter.

The heavy volume selling pushed the RSI into negative territory on the daily chart. We're removing RKLB from our Suggested Holdings List.



Daily Chart of the Technology Sector (XLK)



Technology Sector Outperforms Led By Semiconductors

Semiconductor stocks were helped by a strong earnings report from Microchip Tech (**MCHP**), with management improving their forecast for the next quarter. The news was met with upgrades as Wall Street sees the end to the company's lengthy downcycle.

The company recently launched a new chip designed to meet AI related demands at data centers and the improved growth outlook is a positive for AI stocks.

Broadcom (**AVGO**) is the world leader in Semi and Software solutions for AI and the stock gained 2.2% last week.

The stock is the only Large Cap Semi that is above each of its moving averages with a positive RSI and MACD which signals its leadership status. AVGO is in a buy zone.

Software stocks were flat for the week amid a mixed response to earnings reports. Palantir (**PLTR**) pulled back despite reporting earnings that were in line with estimates. The decline took place despite the company raising their estimates for revenues into year end.

PLTR was able to recoup most of its initial losses so that it ended the week back above its 10-day moving average. This puts the stock into a strong buy zone.

As Suggested in last week's report, Roblox (**RBLX**) was due a pullback given its sharp advance the prior

week following strong earnings. The stock found support at its 10-day moving average and is in a strong buy zone as it moves toward a possible \$75 base breakout level.

Snowflake (**SNOW**) is a key Software company in the AI space and the stock gained 4% due to bullish reports of AI related demand from other key players. The stock is in a buy zone as it finds support above its upward trending 5-day moving average.

This week we're adding Cloudflare (**NET**) to our Suggested Holdings List after the stock gapped up in price following their release of revenues that were above estimates. In addition, the company announced that they contracted their largest client in history during the first quarter.

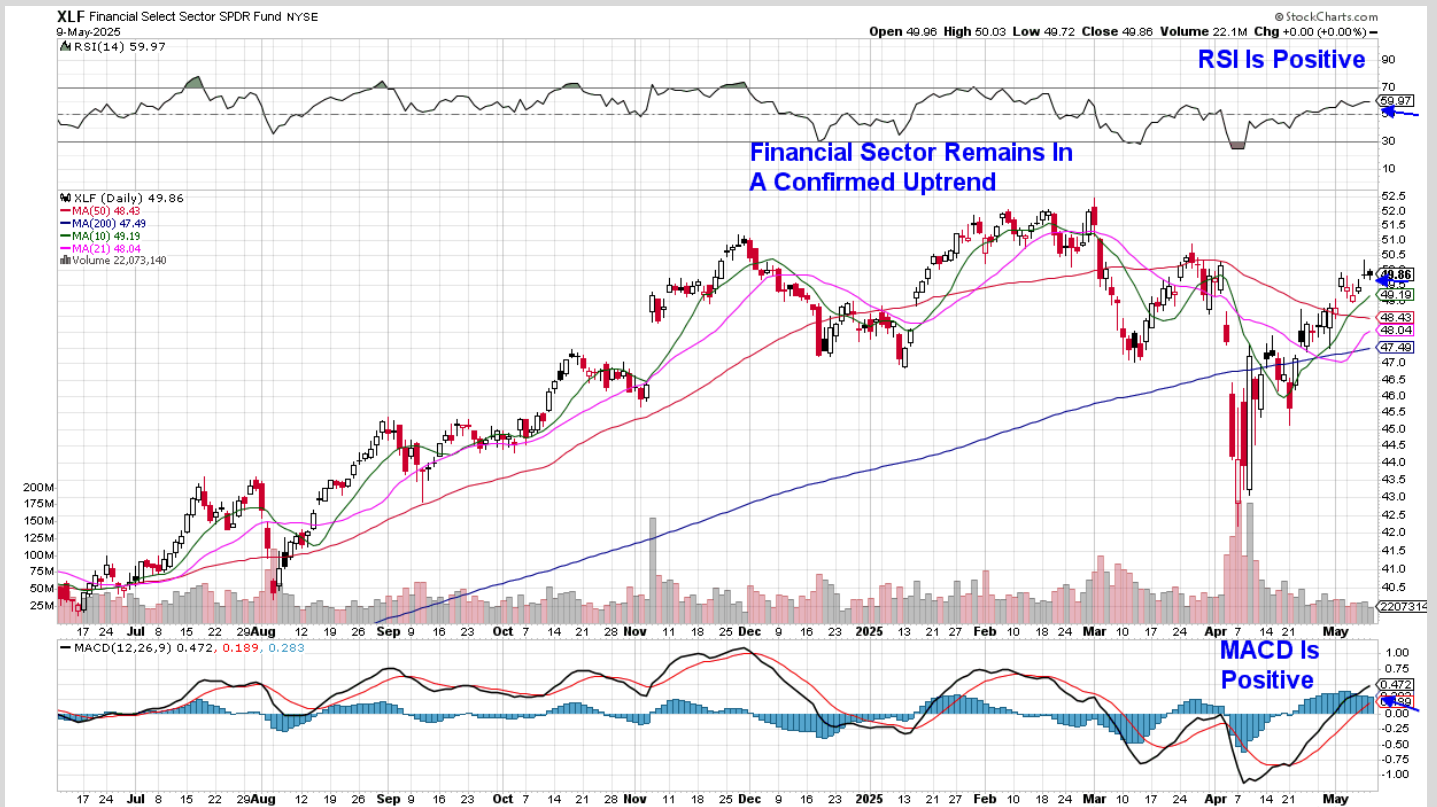
NET has a positive RSI and MACD and the stock is in a buy zone.

We're also adding Small Cap Software company Q2 Holdings (**QTWO**) to our Suggested Holdings List. The company reported earnings and sales that were above estimates and the stock gapped up into an uptrend in response.

QTWO provides software solutions to the banking and financial industry and the company raised growth guidance going forward due to strong subscription demand. The stock is in a buy zone.



Daily Chart of the Financial Sector (XLF)



Financial Sector Trades Sideways

Gains in Financial Services and select Banks was offset by sharp losses in mortgage related companies which are struggling amid decreased lending activity.

H&R Block (**HRB**) fell sharply on Thursday after the company reported earnings above estimates but revenues missed. In addition, HRB had higher operating costs amid mixed financial results.

We're removing the stock from our Suggested Holdings List after the RSI turned negative with the heavy selling volume pointing toward further downside.

Capital One (**COF**) remains in a confirmed uptrend amid sideways price action due to a lack of news.

The stock is seeing higher volume on rally days which is quite constructive. COF is in a buy zone after pulling back to its 10-day moving average.

This week, we're adding Interactive Broker (**IBKR**) back to our Suggested Holdings List after the stock regained its uptrend after closing above its 50-day moving average with a positive RSI and MACD.

The company provides an electronic trading platform, and the continued uptrend in the markets has us anticipating an increase in trading volumes which will boost growth and drive the stock higher.

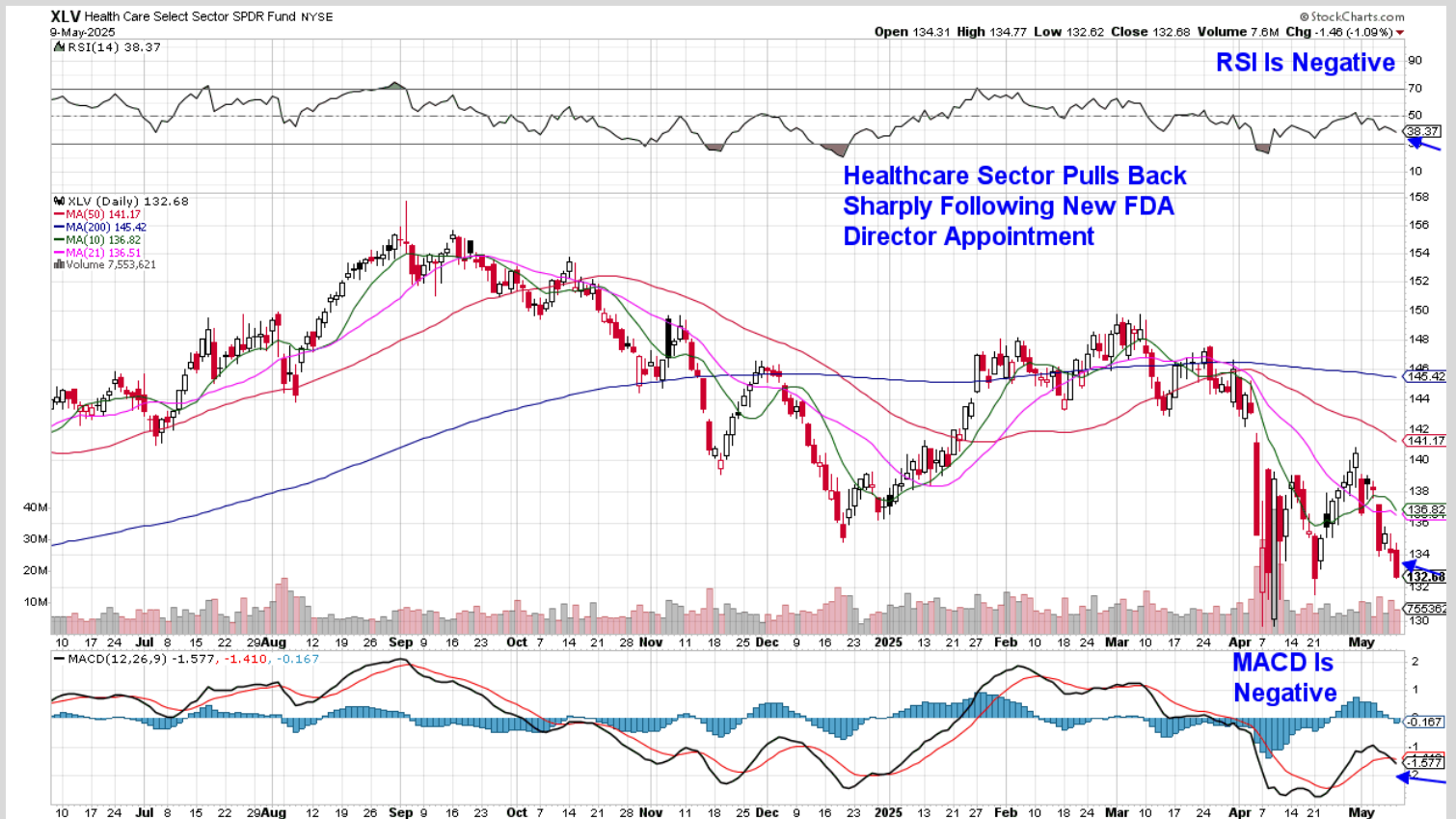
We're also adding Bank of NY/Mellon (**BK**) to our Suggested Holdings List as the 2.2% yield is forming the right side of a base as it moves closer to a possible \$90.3 base breakout level.

Last month Bank of New York expanded the capabilities of their digital asset platform which provides safekeeping, servicing and management of digital assets. The company has been at the forefront of leading big banks into crypto.

BK is in a buy zone as it's finding support above its upward trending 5-day moving average.



Daily Chart of the XLV Health Care Select Sector (XLV)



Healthcare Sector Is Worse Performing

Healthcare stocks pulled back sharply, led by a drop in Biotech stocks due to the appointment of a new FDA director who is expected to slow down the drug approval process.

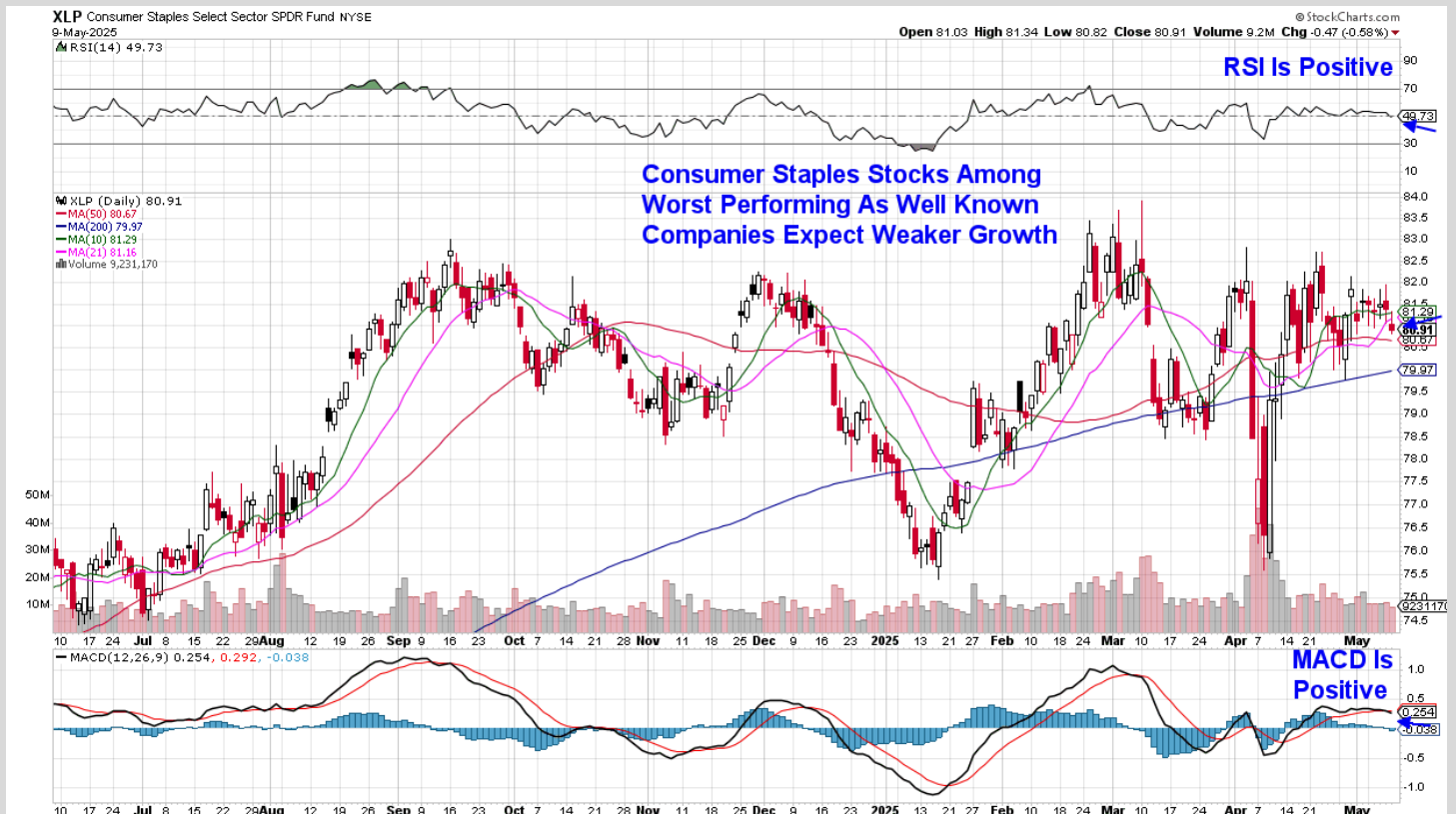
New drug approvals are a lifeline for Biotechs and Pharmaceutical companies as they can finally receive revenues after many years of spending on research and development.

This is not the first time that Healthcare stocks have suffered after the announcement of a new department head. Trump's appointment of RFK Jr. as the Secretary Of Health and Human Services pushed these stocks lower as well.

Medical Products stocks were not hit as hard, with Boston Scientific (**BSX**) pulled back from a base breakout on light volume that put this stock just below its 10-day moving average.

A close back above this mav in the \$103.5 range would put BSX into a buy zone.

Daily Chart of the Consumer Staples Select Sector (XLP)



Consumer Staples Stocks Fall Further Than The Markets

Staples stocks are continuing to struggle after several well known companies lowered their growth outlooks due to potential tariff hikes that would lower already soft profit margins.

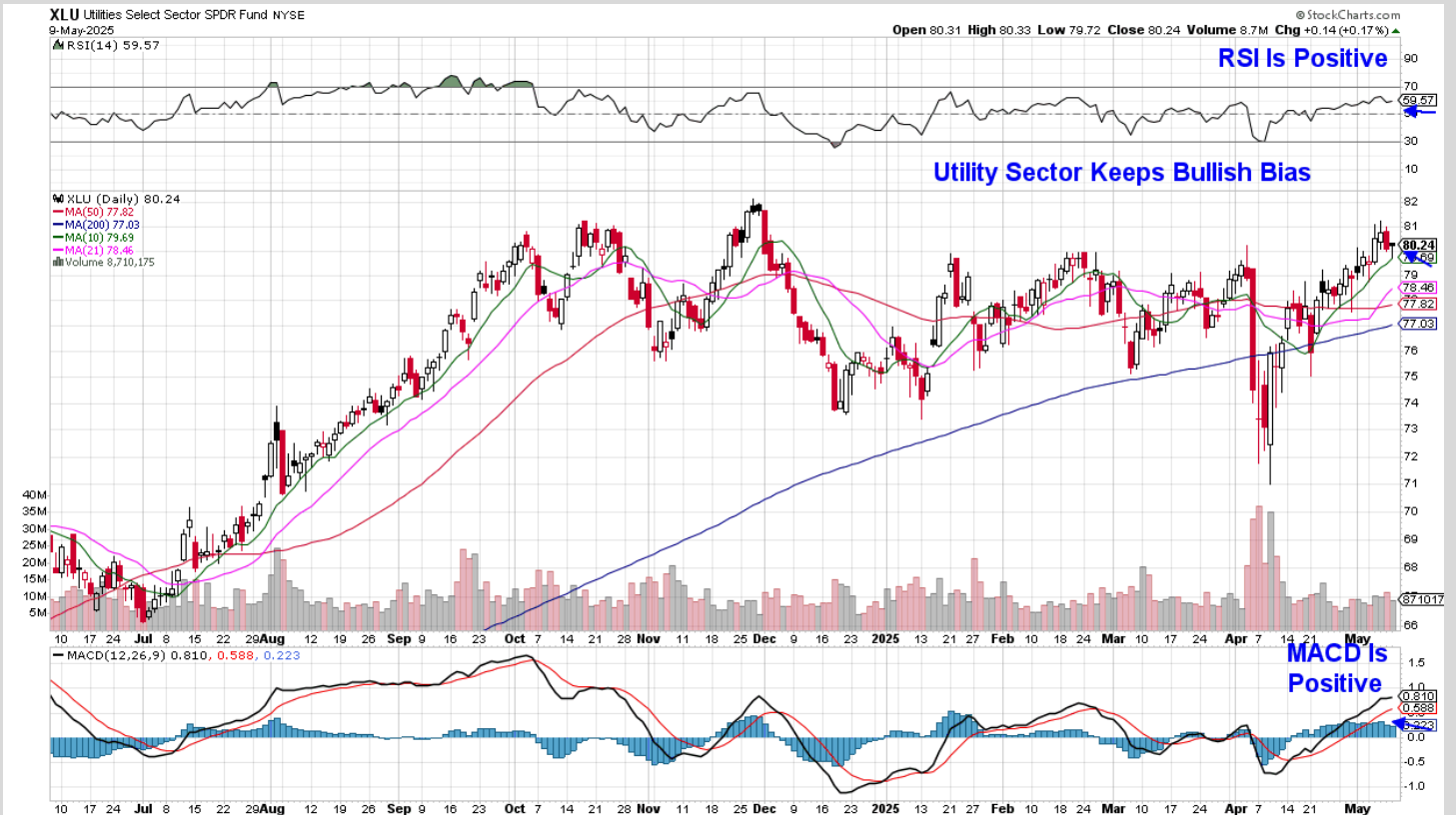
Last week, high flying tobacco companies pulled back in what may be profit taking amid a shift to AI related stocks. Phillip Morris (**PM**) was down 0.7% in a move that pushed this stock below its 10-day moving average. A close above this mav in the \$171.5 range would put the stock into a buy zone.

Walmart (**WMT**) drifted lower ahead of the release of their earnings this Thursday before the markets open. The report will be the start of retailers sharing

their numbers, as they're historically among the last to report quarterly results.

WMT's numbers will be closely watched as they're viewed as a bellwether for consumer spending.

Daily Chart of the Utilities Select Sector (XLU)



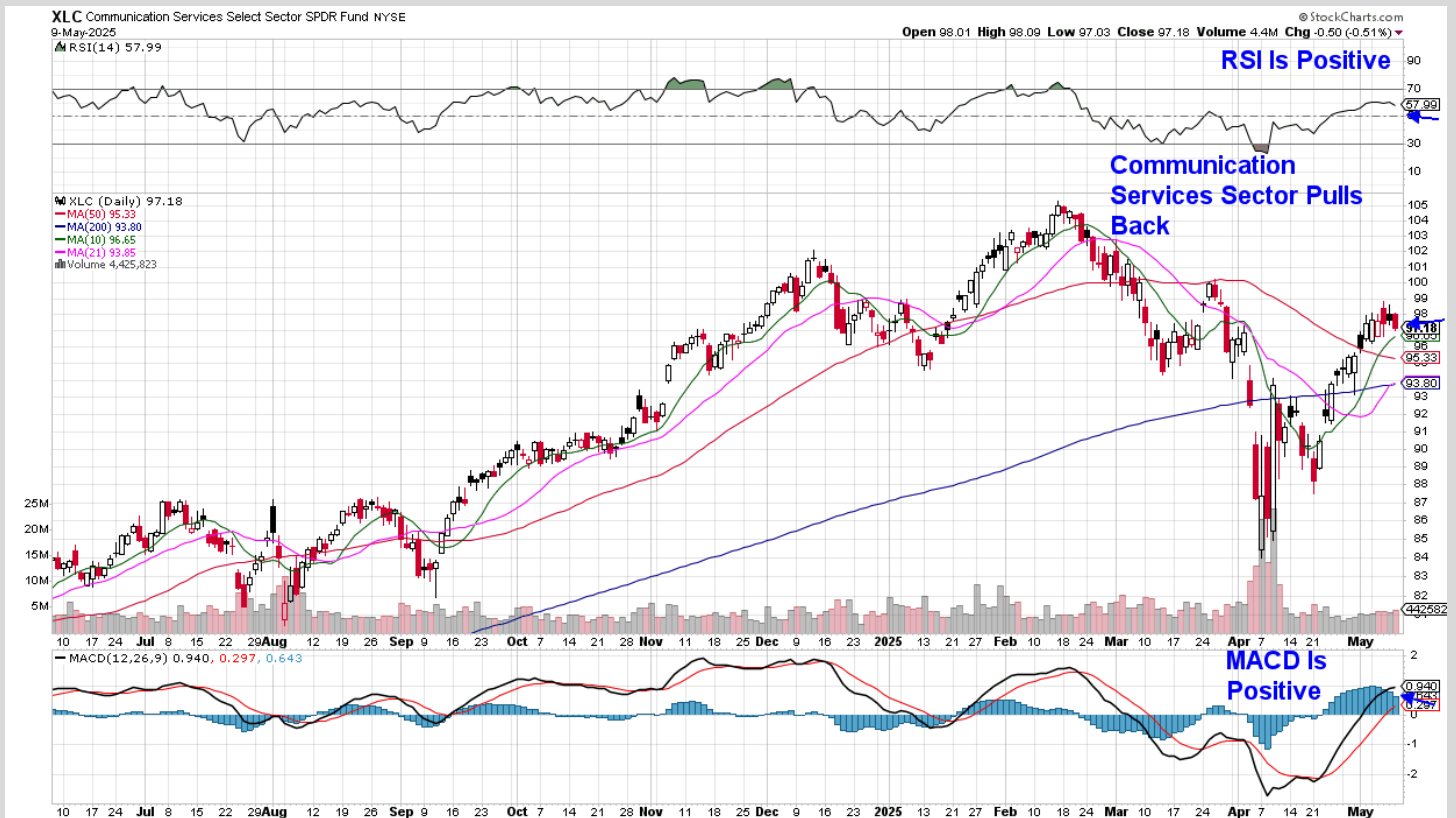
Utility Sector Gets AI Related Boost

The Utility sector posted a slight gain led by Electricity related companies that reported robust earnings with heavyweight AI related name Constellation (**CEG**) among the winners.

Other stocks in this sector underperformed as money flowed out of this defensive area and into economically sensitive names.

Southern (**SO**) from our List was down 0.8% for the week amid a lackluster performance that has put the RSI into negative territory. We're removing SO from our Suggested Holdings List.

Daily Chart of the Communication Services Select Sector (XLC)



Communication Services Sector Hurt By M7 Names

Internet related stocks were down last week led by a 7% decline in Alphabet (**GOOGL**). The stock fell due to concerns about Apple's potential to replace Google as the default search engine.

GOOGL is back in a confirmed downtrend after closing below its 50-day moving average with a negative RSI.

Netflix (**NFLX**) pulled back as well, and found support at its 10-day moving average. The stock is continuing to digest last month's sharp advance following their release of strong earnings. The stock can be held.

Summary

We're continuing to see a recovery in US stocks which has been supported by a combination of factors including receding trade tensions, a resilient labor market, and better than anticipated corporate earnings.

While corporations have been mixed about future earnings growth, the possibility of lower interest rates coupled with the House Republicans roll out of a roughly \$4 trillion tax cut that they hope to pass, will provide a firm foundation from which the markets can spring higher.

Of course, further progress in easing trade tensions will be needed to lift consumer and investor sentiment higher. Any setbacks on this front will easily stall recent progress in the market's advance.

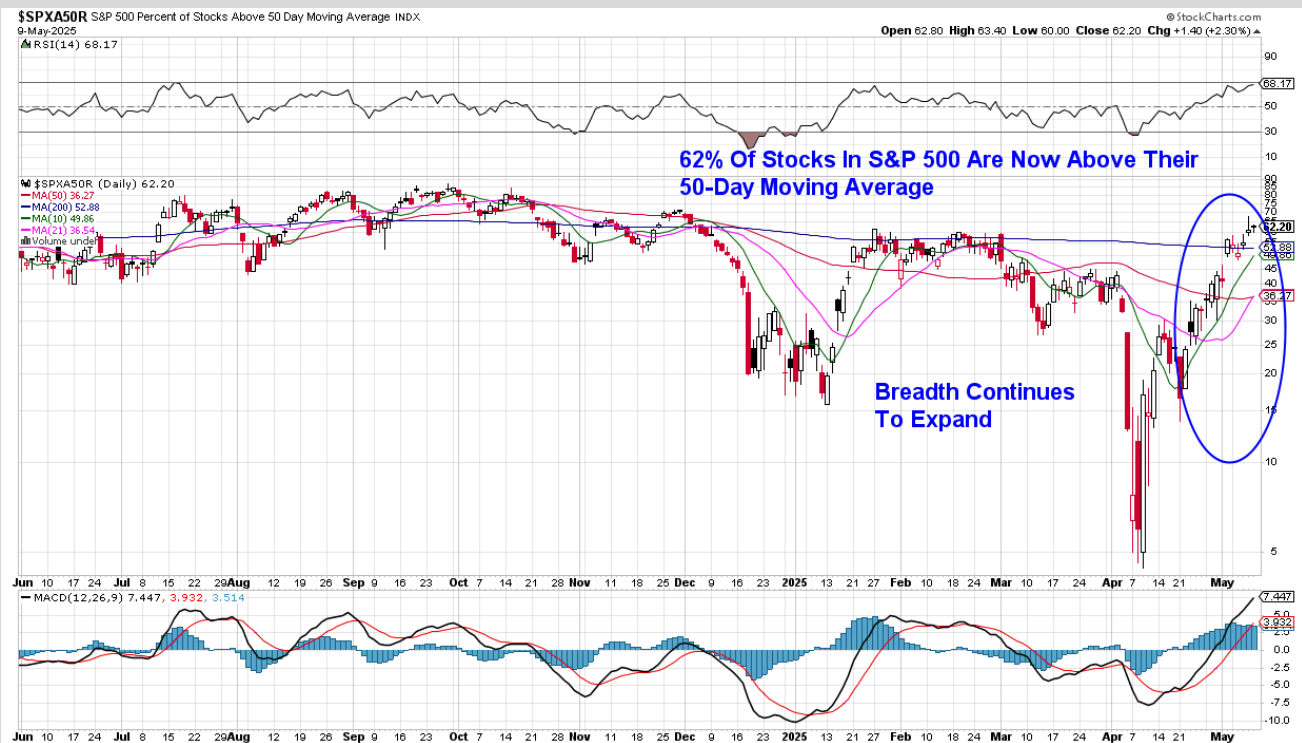
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At this time, we'll continue to favor economically sensitive areas where companies have exhibited growth and are positive about continued expansion going forward.

Tomorrow's details regarding trade talks between the U.S. and China will be critical in carving out the markets path over the near term. Big tariff reductions will be needed to reduce trade war fears and the possibility of high inflation and an economic slowdown.

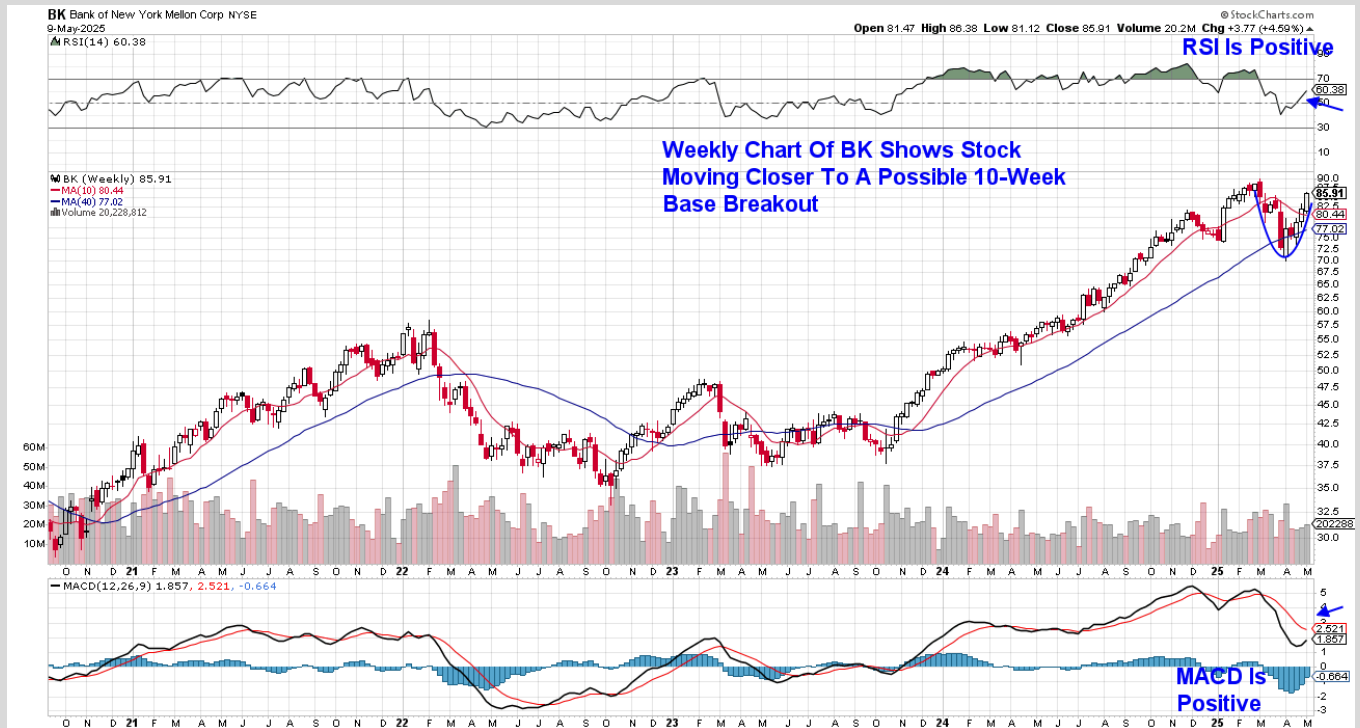
Charts We Are Watching:

Daily Chart S&P 500 Percent of Stocks Above 50 Day Moving Average (SPX)

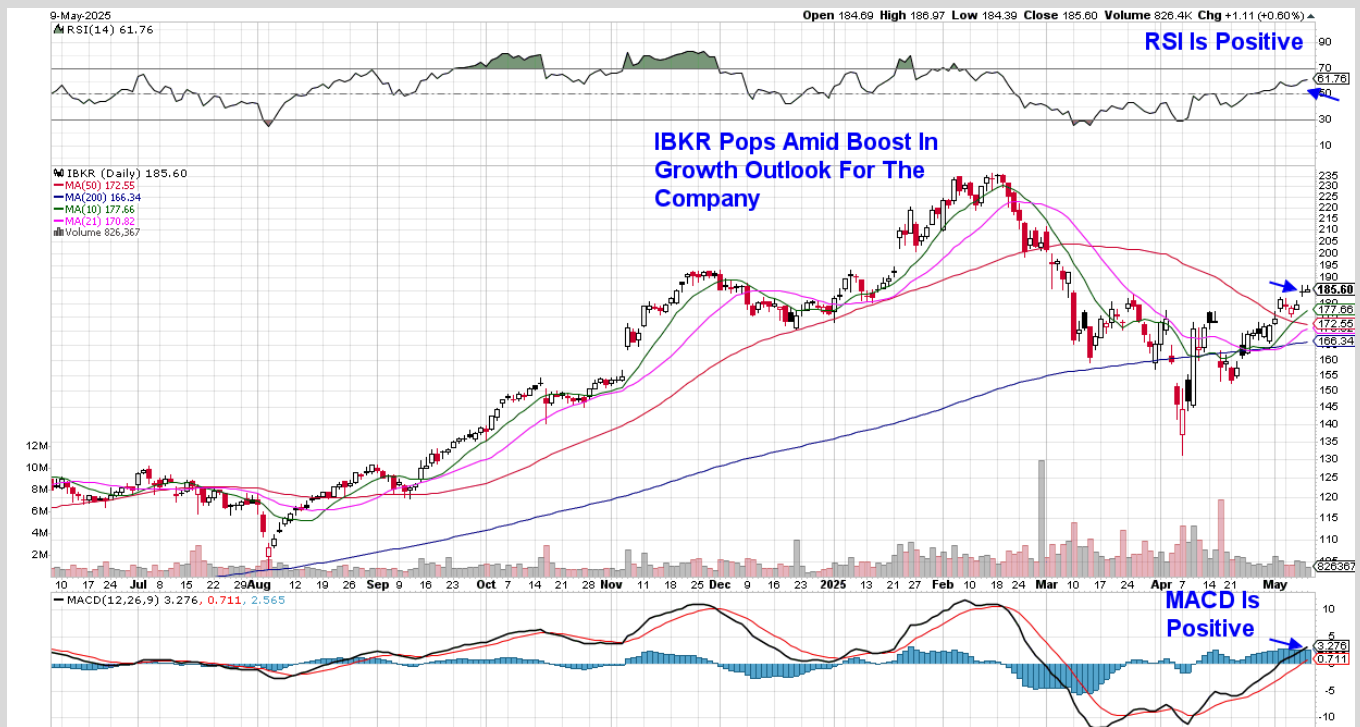


New Buy Ideas:

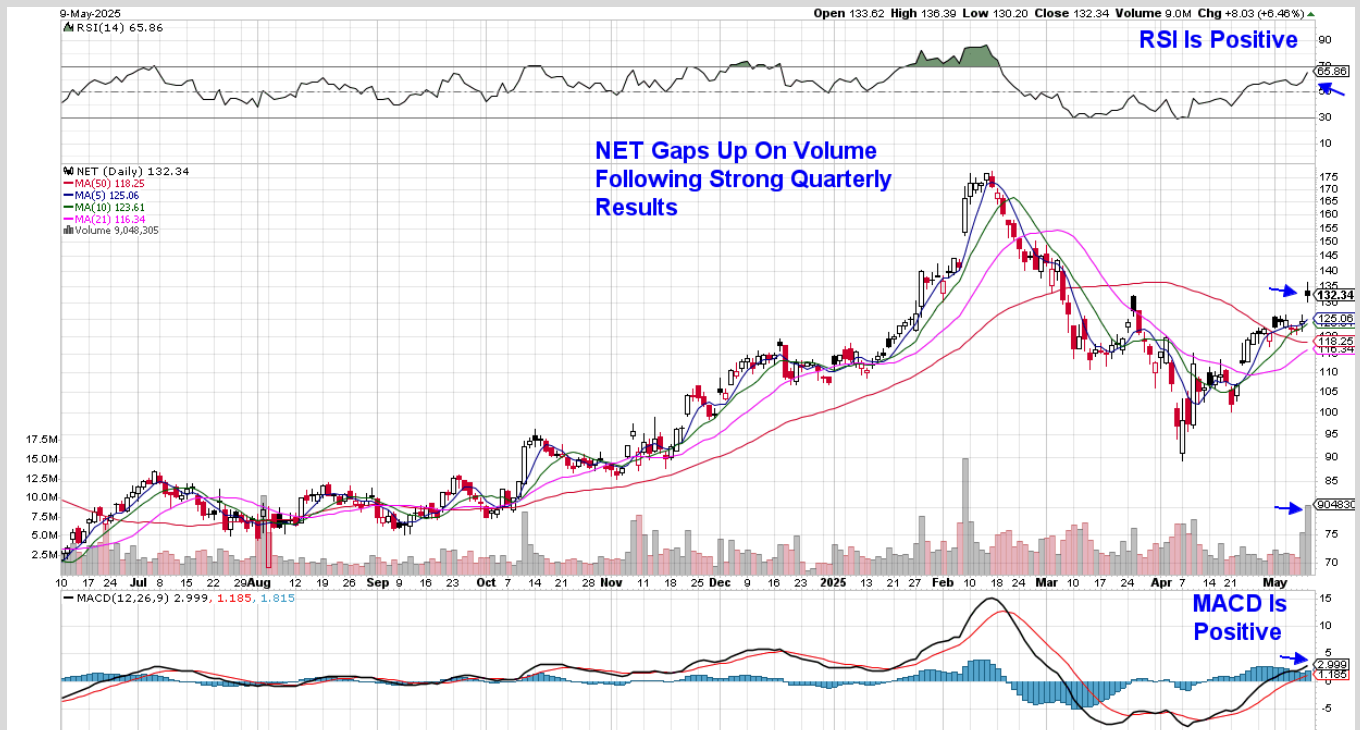
Daily Chart of Bank of New York Mellon Corp. (BK)



Daily Chart of Interactive Brokers Group, Inc. (IBKR)



Daily Chart of Cloudflare Inc. (NET)



Daily Chart of Q2 Holdings, Inc. (QTWO)



MEM Edge Report Suggested Holdings

Stocks With Emerging Leadership Characteristics

\$ = Earnings Due	Buy Zone	Strong Buy		Buy on Pullback	Removed From List
SYMB	COMPANY	PRICE	DATE ADDED	PERFORMANCE	EARNINGS DUE
UTILITY					
SO	Southern	\$88.40	2/23/2024	-2.0%	
CONSUMER STAPLES					
PM	Philip Morris Intl	\$163.20	4/20/2025	4.5%	
WMT	Walmart	\$93.20	4/20/2025	4.0%	
FINANCIAL					
BK	Bank Of New York Mellon	\$85.90	5/10/2025		
IBKR	Interactive Brokers	\$185.60	5/11/2025		
HRB	H&R Block, Inc.	\$63.04	4/20/2025	-8.00%	
COF	Capital One Financial Corp	\$187.80	5/4/2025		
HEALTHCARE					
BSX	Boston Scientific	\$101.90	4/27/2025	1.0%	
INDUSTRIAL					
AVAV	AeroVironment Inc.	\$147.60	4/20/2025	7.5%	
MTZ	MasTec	\$140.90	5/4/2025	5.0%	
PWR	Quanta Services	\$323.60	5/7/2015	0.5%	
RKLB	Rocket Lab USA	\$22.40	4/27/2025	3.0%	
TECHNOLOGY					
AVGO	Broadcom	\$190.30	4/27/2025	8.0%	
NET	Cloudflare Inc.		5/11/2025		
PLTR	Palantir	\$100.80	4/23/2025	16.0%	
QTWO					
RBLX	Roblox	\$65.70	4/24/2025	10.0%	
SNOW	Snowflake	\$158.60	4/24/2025	10.0%	
COMMUNICATION SERVICES					
NFLX	Netflix	\$973.00	4/20/2025	17.5%	

Longer Term Hold Candidates That Were Removed From Suggested Holdings List

SYMB	COMPANY NAME	CURRENT STATUS
NFLX	Netflix	Buy
PLTR	Palantir	Buy

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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