



THE MEM EDGE

May 18th, 2025 | Weekly Report

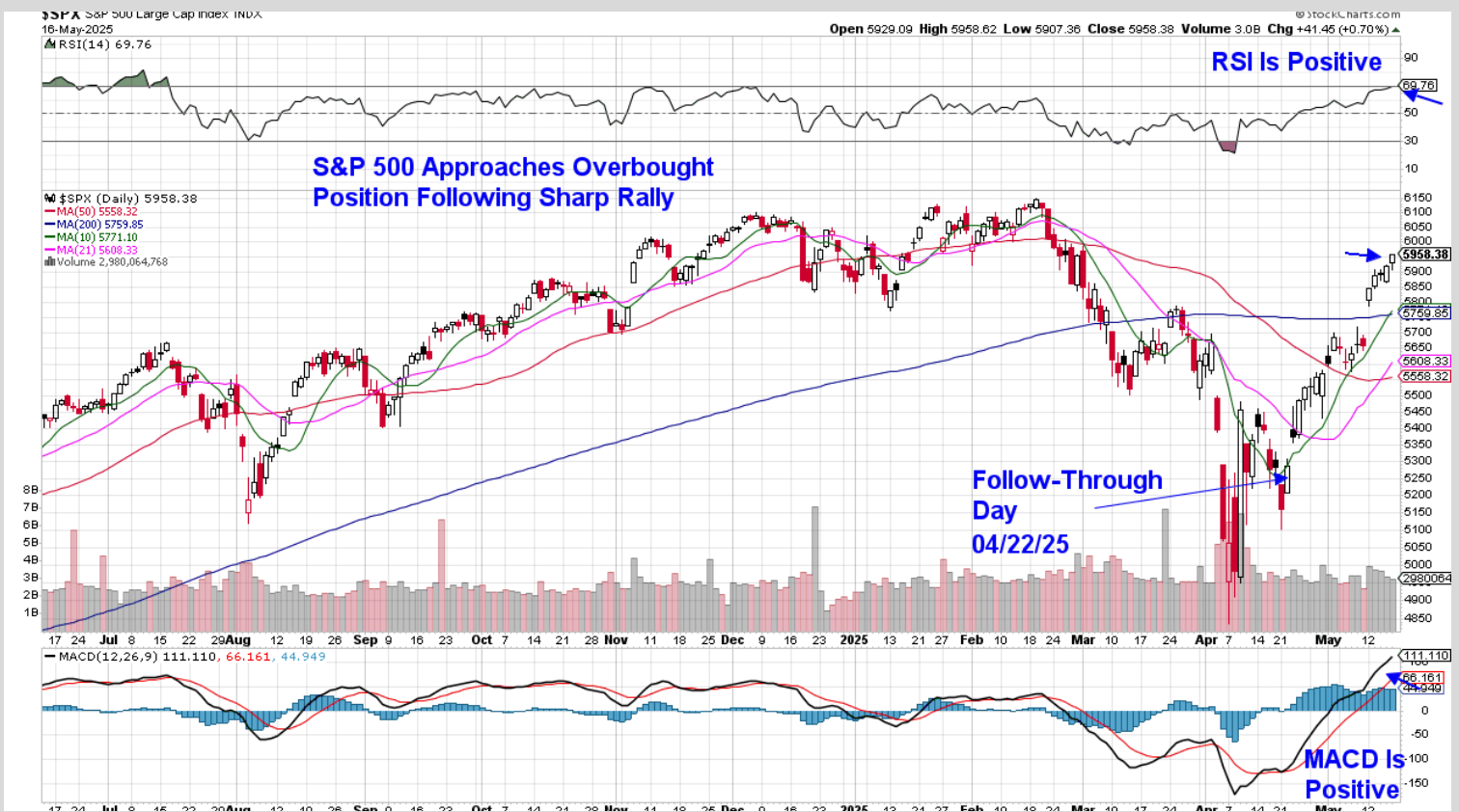
Key Developments Last Week

- Moody's Cuts U.S. Debt Rating
- U.S. And China Announce A Trade Truce
- Saudi Arabia Looks To Become AI Hub
- Consumer Prices (CPI) Rise Less Than Forecast
- Volatility (\$VIX) And Gold (\$GLD) Stocks Fall As Fear Recedes

Economic Data Due To Be Released Next Week

- Earnings Reports From Top Retailers Such As Home Depot (HD), Target (TGT) and Lowes (L)

Daily Chart of S&P 500



US equities surged this week, driven by news of a major de-escalation in US-China trade tensions. The S&P 500 Index rose 5.2%, in a move that keeps its near-term uptrend in place as it's above each of its moving averages with a positive RSI and MACD.

The longer term weekly chart looks particularly compelling, after last week's sharp gain put this Index back above its 40-week moving average with the RSI now in positive territory. In addition, the MACD is on the cusp of posting a bullish crossover. (black line up through the red). This points to a positive longer term outlook.

The Nasdaq (**\$COMPQ**) rose quite a bit more, with a 7.1% gain that puts this Tech heavy Index in a similarly bullish position for both the near and longer term.

Outperformance in most of the M7 stocks, as well as outsized gains in select Semiconductor, Software and Retailers provided the biggest boost for the Nasdaq.

Overall, economically sensitive areas fared the best, as reduced tariff angst provided optimism that a recession could be averted. More defensive areas of the market underperformed sharply such as Staples, most Utilities and Healthcare.

The Volatility Index (**\$VIX**) - also known as the "fear index" - as well as Gold (**\$GLD**) stocks fell as fear among investors receded.

In addition to reduced trade war fears bringing in buyers, news that Saudi Arabia intends to become an AI hub and would be buyers of AI related software, robotics and data centers over the next decade, provided further tailwinds for Tech names.

While we expect Technology stocks to continue to lead these markets higher, diversification into at least a small portion of defensive areas would be prudent given that new tariff rates have not yet been set.

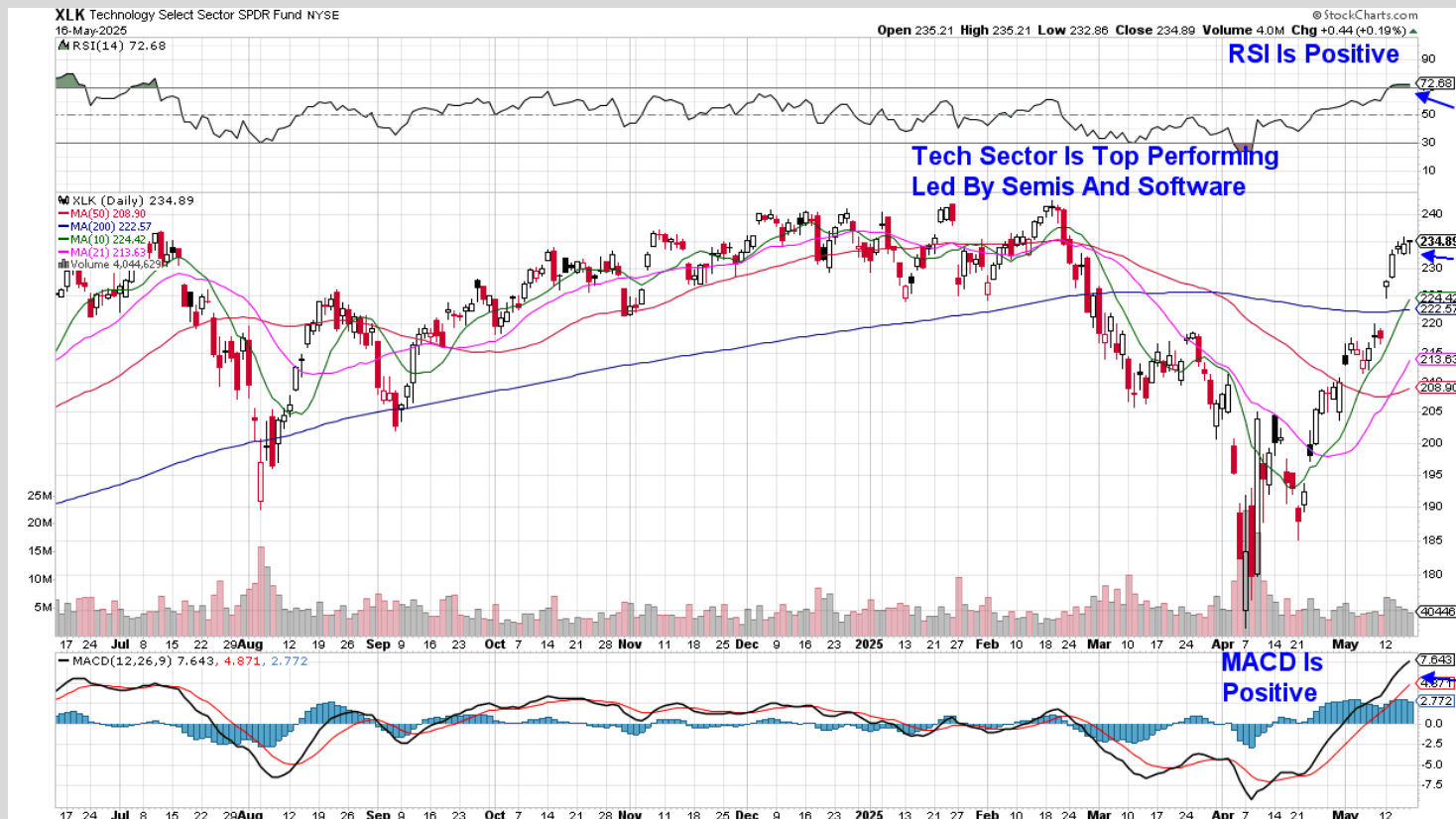
While the economic calendar is light next week, a number of high profile Retailers will be reporting their results and most closely watched will be growth expectations going forward given tariff fears in the face of a possible early August resumption.

Although the U.S. and China have reduced their reciprocal tariffs to 10%, if no further agreement is reached, tariffs could revert to their previous levels on August 12th..

These tariff concerns resumed early Friday after Bloomberg reported that the Trump administration would set tariff rates for U.S. trading partners over the next 2-3 weeks. In turn, defensive areas of the market took hold as a "risk-off" sentiment settled in.

At this time, the broader markets are in a confirmed uptrend, with the longer term weekly charts now exhibiting bullish characteristics as well.

Daily Chart of the Technology Sector (XLK)



Technology Sector Outpaces Markets

The Tech sector was the top performing, after surging 7.9% in a move that puts this Index within striking distance of its high in price from late February.

Semiconductors outperformed due to reduced tariff fears. More importantly, news of Saudi Arabia's chip deal as they attempt to position themselves as an AI hub, is expected to boost chip sales

Nvidia (**NVDA**) was a big gainer after announcing a partnership with Saudi Arabia that's expected to offset revenue losses in China.

We added the stock on Wednesday following the news, and NVDA is in a buy zone after closing above

its 200-day moving average with a positive RSI and MACD.

Last week's sharp gain pushed the weekly chart of Nvidia into a bullish position as well, with a now positive RSI and a bullish MACD crossover. This bodes well for the longer term outlook.

Semi chip provider Broadcom (**AVGO**) was another big winner last week due to their involvement in AI. The company also provides networking solutions that are crucial for scalable AI infrastructure.

Last week's gap up in price pushed AVGO's MACD into a positive crossover on the weekly chart which signals a new uptrend. This is positive for the longer term outlook. Shorter term, sideways price action

into Friday has put AVGO into a buy zone as the 5-day moving average is now acting as support.

As anticipated, ASML Holding (**ASML**) pulled back slightly toward the end of the week which puts the stock into a buy zone as it neared the \$740 level which we identified as a buy point.

The company has proprietary equipment that's essential for manufacturing the high performance chips that are the backbone of AI systems.

As mentioned, Software stocks were on the move higher last week led by outsized gains in stocks such as Cloudflare (**NET**) which was up 19%. The company posted a mixed quarter the prior week; however, it showed a sharp increase in its revenue pipeline due to its focus on AI solutions to customers.

The upcoming revenue streams will of course boost earnings going forward which is bullish for NET. The stock is a bit extended after last week's advance and we'd be a buyer on any pullback toward its 5-day moving average in the \$152 range.

Palantir (**PLTR**) was also a big winner last week with a 10.5% gain that pushed the stock out of a cup with handle base breakout on Tuesday following a Wall Street upgrade. The stock is in a buy zone after pulling back to its 5-day moving average.

Roblox (**RBLX**) was another big gainer last week and the stock experienced a cup with handle base breakout on Tuesday after the company committed to open-source AI development which can significantly speed up content creation.

Roblox operates a 3D virtual space for people to socialize and play games and on Thursday they announced new shopping experiences on their platform led by pop singer Rihanna, who will be selling beauty products.

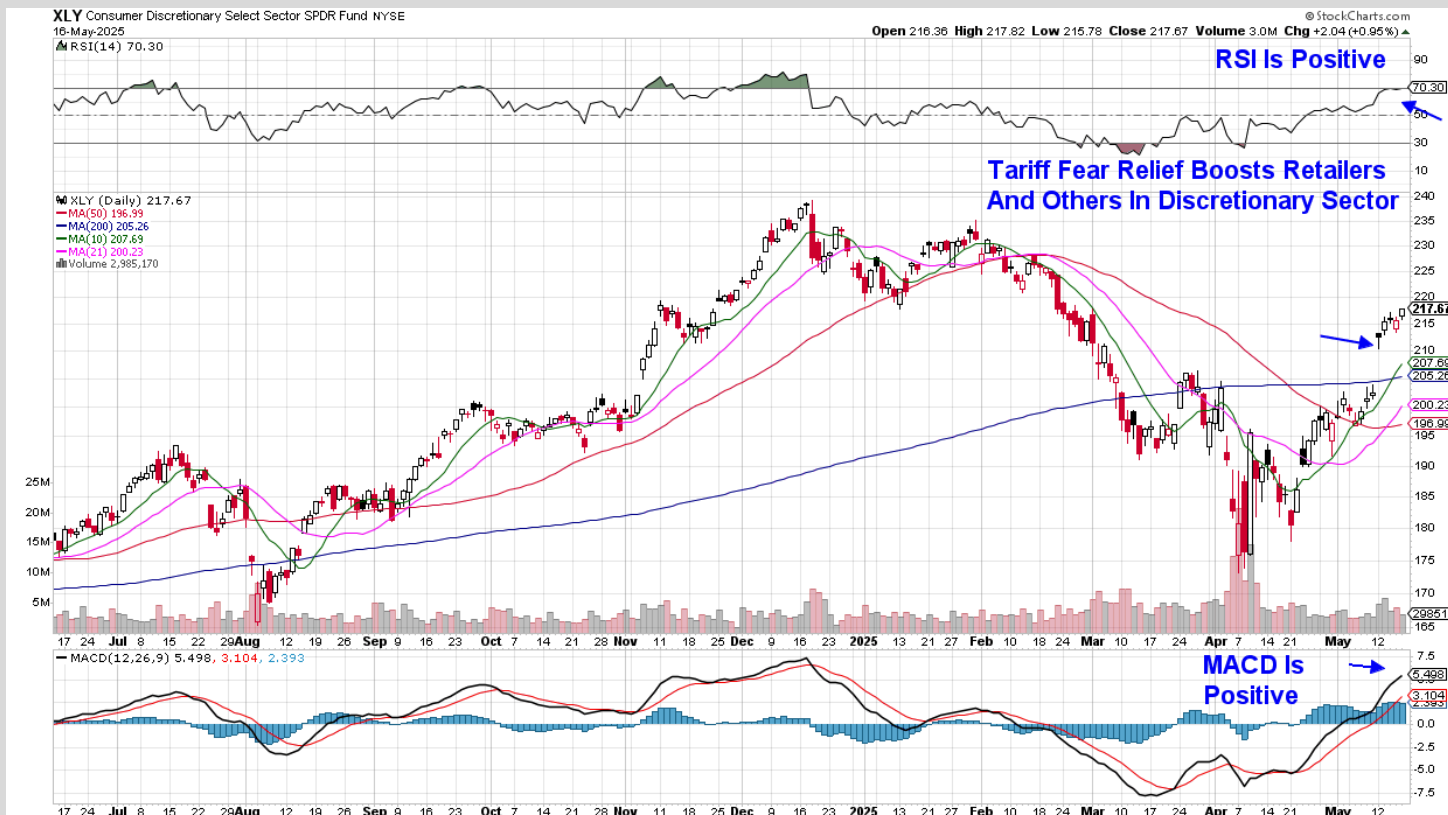
The news pushed RBLX to a new high in price and we're on the lookout for a period of consolidation. The stock can be bought on any pullback as the weekly chart points to further upside as the RSI and MACD are at relatively lower levels.

Data analytics software company Snowflake (**SNOW**) is due to report earnings on Wednesday after the markets close. The company is highly regarded in the AI space and while we're anticipating strong results, the stock's recent advance going into earnings may dampen any bullish response.

Any move closer to a possible base breakout at the \$195 level would be bullish for SNOW.

Q2 Holdings (**QTWO**) underperformed last week as it trended sideways following its sharp advance the prior week due to strong earnings. The company provides AI assistance to relationship managers at financial institutions. The stock is in a buy zone.

Daily Chart of the Consumer Discretionary Sector (XLY)



Consumer Discretionary Sector Gets Tariff Boost

Retail stocks popped last week as reduced tariffs propelled select stocks higher. Less fear of a recession also gave the group a boost, as travel and restaurant stocks gained in hopes of increased discretionary funds.

Better than expected Retail Sales data also helped as it showed that spending has slowed, but not enough to slow the economy.

On Wednesday, we added Dutch Brothers (**BROS**) to our List after the coffee chain gained following strong earnings the prior week. The stock has since received Wall Street upgrades due to a strong growth outlook.

BROS is in a strong buy zone as it finds support above its upward trending 5-day moving average.

Today we're adding Carnival Cruise Corp. (**CCL**) to our Suggested Holdings List as the stock is advancing due to analyst upgrades amid strong booking trends as well as higher pricing from December to March.

CCL is in a buy zone as it finds support above its upward trending 5-day moving average. The weekly chart looks compelling as well with the RSI now above 50 and the MACD on the cusp of posting a bullish crossover. (black line up through the red).

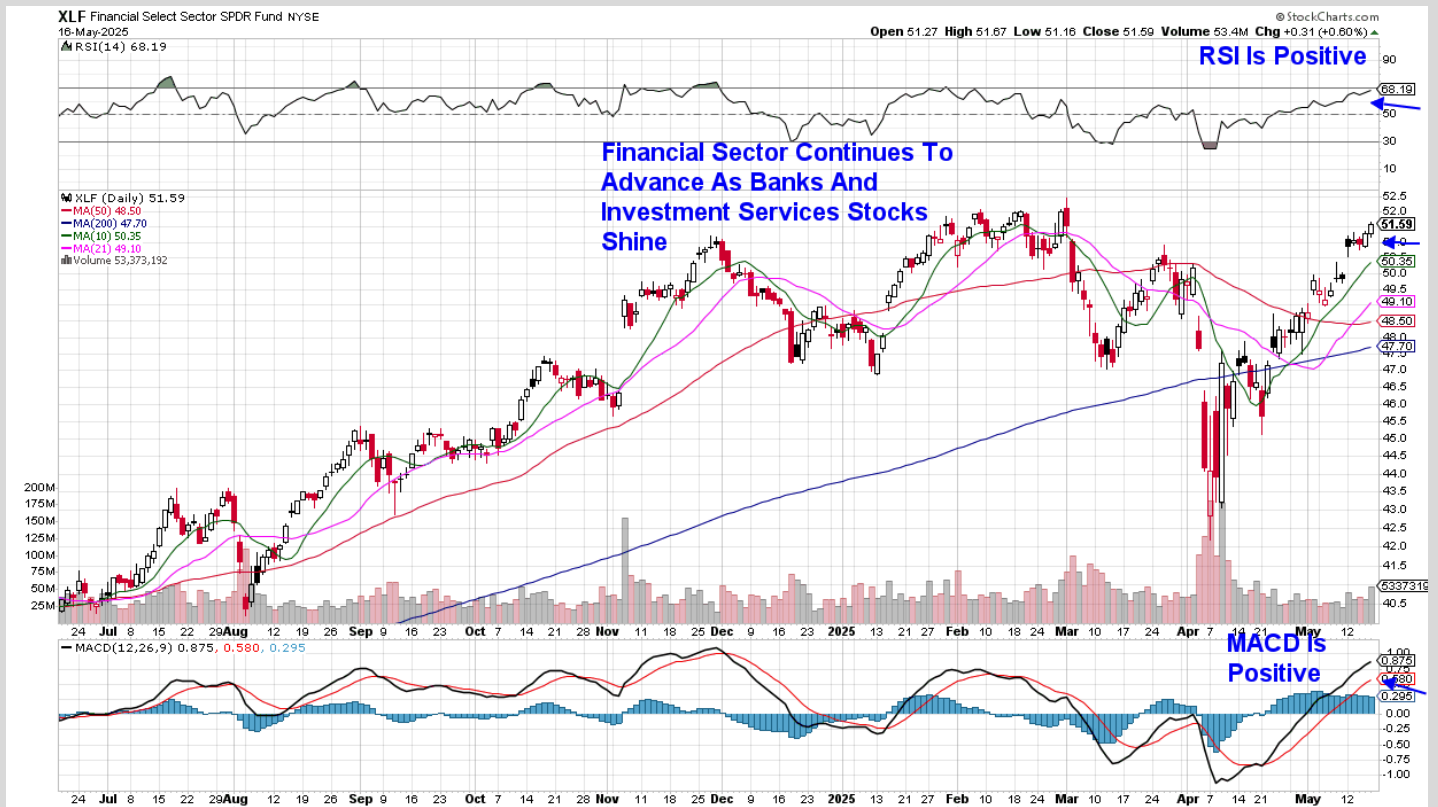
Next week, several key retailers will be reporting earnings such as Target (**TGT**), Home Depot (**HD**)

and Lowe's (**L**) to name just a few. Discounters TJ Maxx (**TJX**) and Ross Stores (**ROST**) from our Watch List are also due to report results. Their results, as well as investor's response, are expected to impact the retailer group.

Last week's earnings release from heavyweight name Walmart (**WMT**) was underwhelming after the company announced that price hikes are coming.



Daily Chart of the Financial Sector (XLF)



Financial Sector Underperforms But Remains In Uptrend

The Financial sector is very close to surpassing its early March highs amid strength in select Bank stocks that are expected to benefit from increased trading activity as the markets head higher.

News that the U.S. is on the cusp of announcing the biggest cuts in banks' capital requirements in more than a decade is another reason. The move will free up capital for banks to reinvest.

Bank of New York Mellon (**BK**) was among the gainers with a 4.8% gain that puts the stock a hair away from a 10-week base breakout and at a new high in price.

While BK has an overbought RSI on the daily chart, the weekly chart points to further possible upside with the MACD on the cusp of posting a bullish crossover. BK is in a buy zone.

Capital One (**COF**), a credit card company with Consumer and Commercial banking operations, is set to acquire Discover Financial on Monday, forming the nation's largest credit card issuer and expanding opportunities to cross-sell financial products. COF is in a buy zone after a late week pullback to its 10-day moving average.

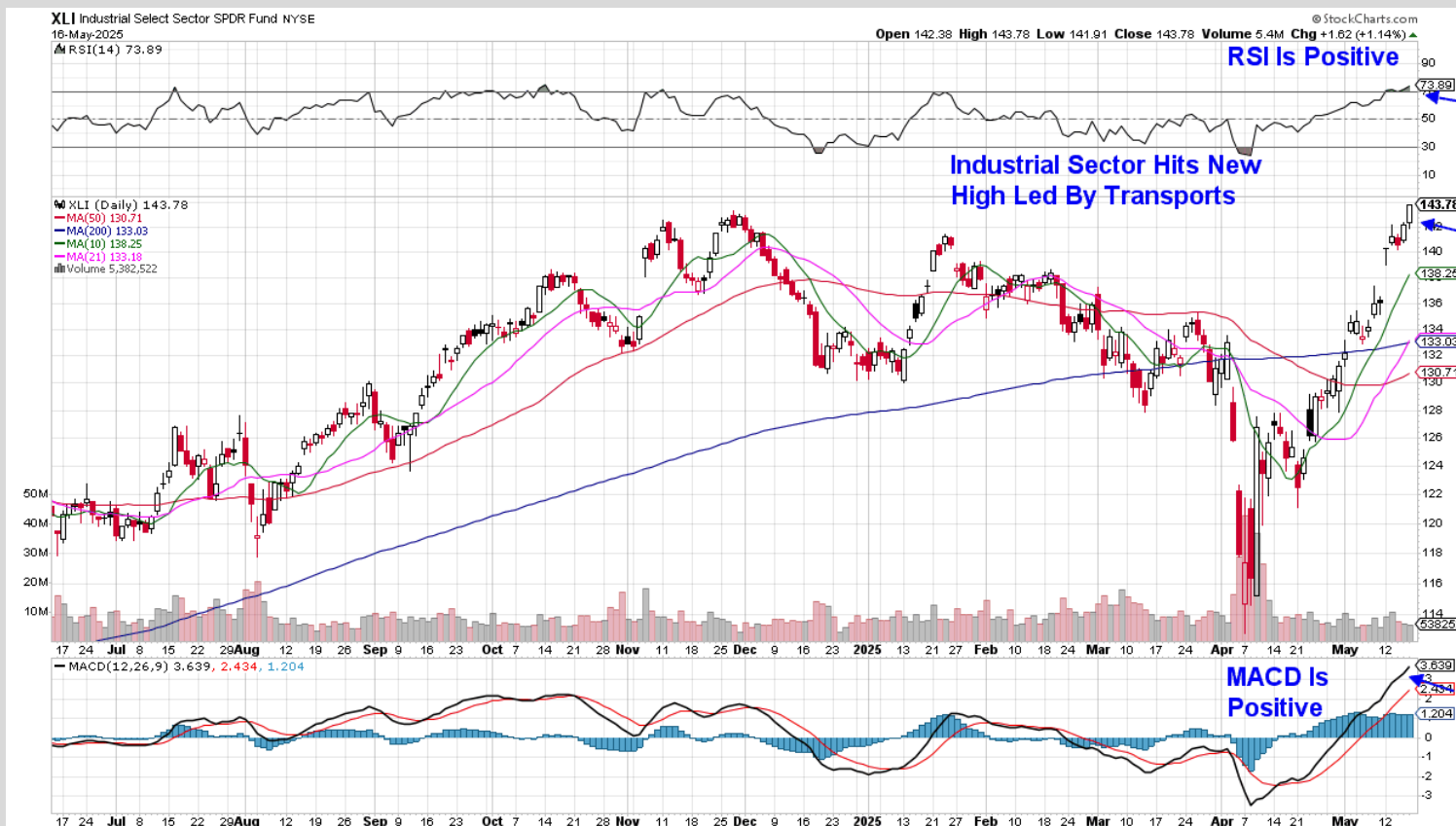
Interactive Brokers (**IBKR**) provides global electronic brokerage services and the stock gained 12.7% last week as bullish sentiment hit the markets following

Monday's tariff news. The shift is expected to increase trading activity which will improve profits.

IBKR is in a buy zone as it finds support above its upward trending 5-day moving average.



Daily Chart of the Industrial Sector (XLI)



Industrial Sector Outperforms Led By Transports

The Industrial sector saw a beaten down Rail and Truck stocks rally following the lowering of tariffs between China and the U.S. The move is expected to increase demand for goods which will improve the growth prospects for these stocks.

Companies that provide construction and other services to AI related infrastructure projects also outperformed. MasTec (**MTZ**) is a leading infrastructure construction company and the stock gained 6.4% on the heels of reporting strong earnings earlier this month.

MTZ has an elevated RSI as it's at 77 on the daily chart which points to the strong possibility of sideways price action over the near term. The longer term weekly chart is quite a bit more

constructive as both the RSI and MACD are trending upward from low levels. For now, MTZ can be held.

Quanta Services (PWR) provides infrastructure to the electric power and other energy industries which are instrumental in keeping up with the needs of AI driven data centers.

PWR gained 5.8% last week, and is in a very similar position to MTZ which is overbought on the daily chart but in a bullish position on the weekly chart with the RSI and MACD trending upward from a relatively early level.

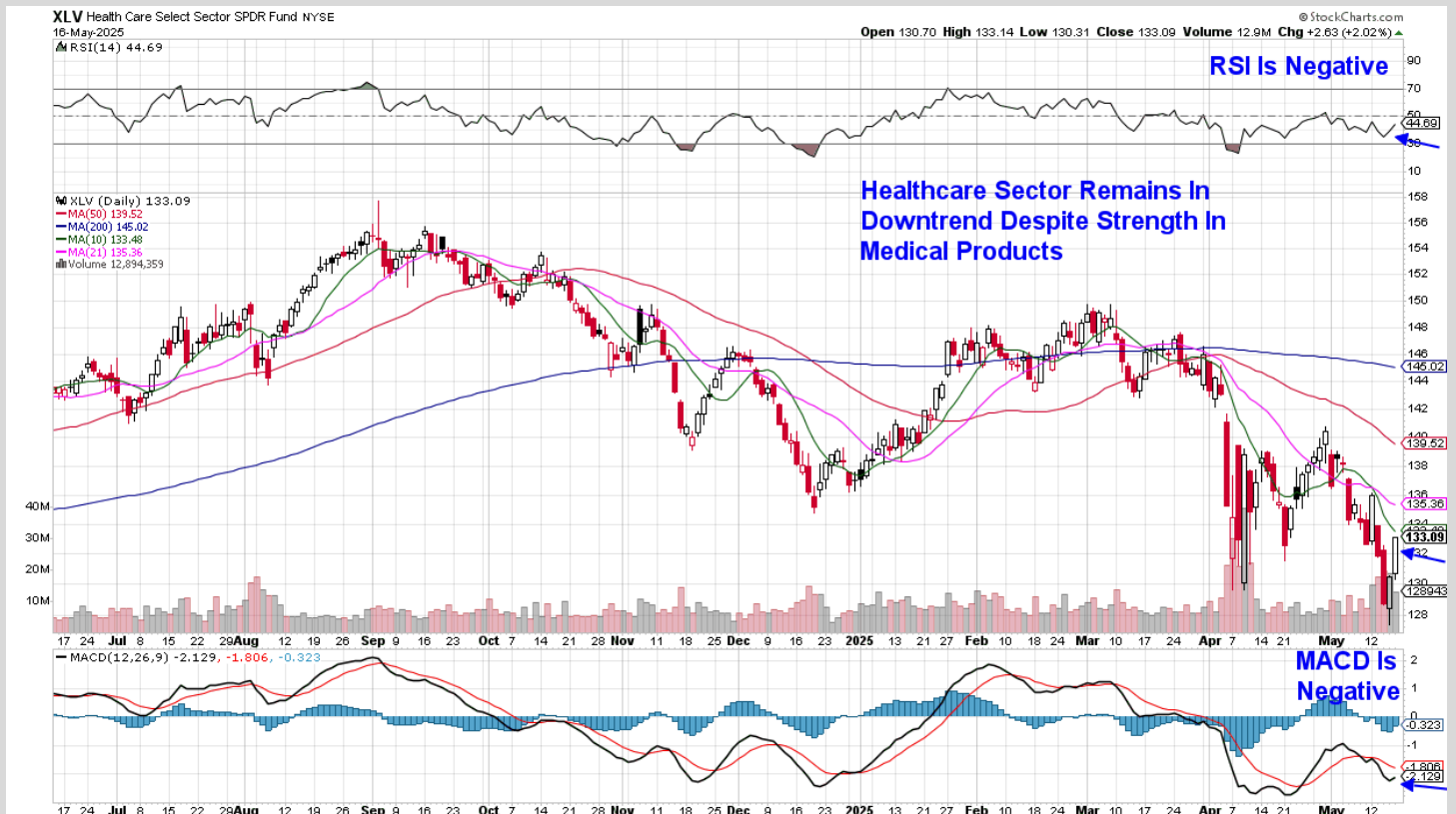
While a \$360 base breakout would put MTZ into a strong buy zone, we would add to positions lightly here as the stock is overbought near term.

Defense stock AeroVironment (**AVAV**) pulled back slightly last week after its prior week gains which followed the launch of a new breed of fully autonomous unmanned aircraft systems.

The stock is finding upside resistance at its 200-day moving average, and a close above this in the \$173 range would put AVAV into a buy zone.



Daily Chart of the Communication Services Sector (XLC)



Healthcare Sector Continues To Struggle

Managed Care stocks sank lower last week amid news that heavyweight UnitedHealth (**UNH**) is under investigation for Medicare fraud.

This is on the heels of last week's decline in Pharmaceuticals and Biotechs after the appointment of a new FDA director who is expected to slow down the drug approval process. Both groups are still sitting near recent lows.

Not all areas in this sector are suffering however, as Medical Products stocks are moving closer to regaining their February highs. This group has been immune to possible drug approval delays or government policy uncertainty regarding drug prices.

Boston Scientific (**BSX**) is in a strong buy zone after regaining its \$104.5 base breakout level on Friday. The company specializes in medical devices that address heart related issues and more recently, they've been expanding operations globally.

Daily Chart of the Consumer Staples (XLP)



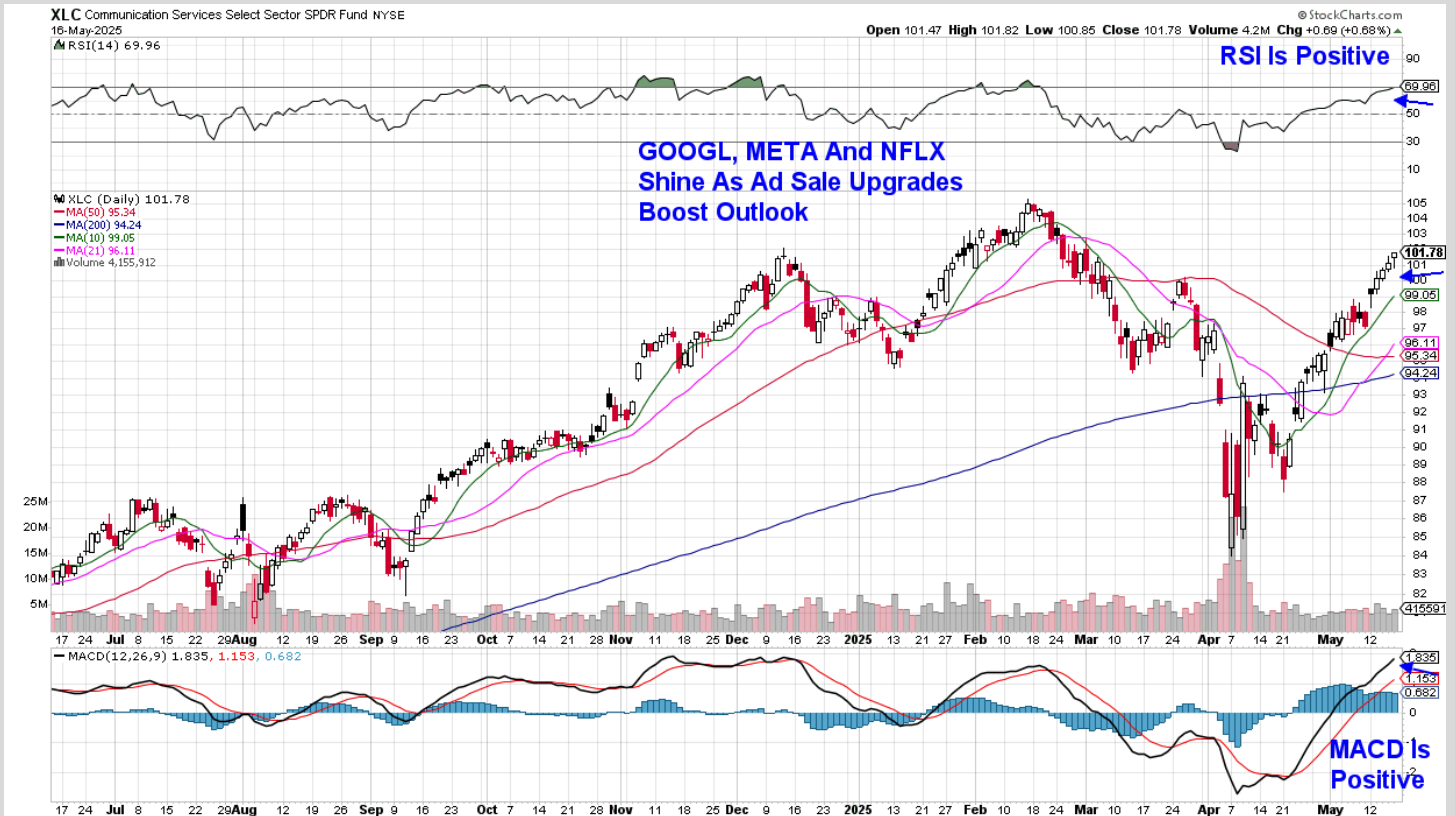
Consumer Staples Get Late Week Boost

Staples stocks gained slightly as more defensive areas of the market gained favor amid news that the Trump administration will be setting up new tariffs over the next couple of weeks.

Walmart (**WMT**) reported earnings last week and while the stock originally declined due to management indicating that they'll be raising prices due to upcoming tariffs, the stock recovered those losses to end the week in a buy zone.

Friday's gains took place amid a number of Wall Street upgrades, with analysts focusing on the company's almost 5% increase in same store sales.

Daily Chart of the Communication Services Sector (XLC)



Communication Services Sector Gets M7 Boost

The Communication Services sector fared well last week led by a 9% gain in heavyweight Alphabet (GOOGL) as well as a 4.8% gain in Netflix (NFLX).

The gains in NFLX took place later in the week after the company presented their strategy to improve advertising technology which will improve revenues. The news had several large Wall Street firms raising their estimates.

In addition to having strong growth prospects, Netflix (NFLX) is viewed as being immune to tariffs because of their subscription based revenue model.

Netflix (NFLX) is in a buy zone.

Summary

While the broader markets are exhibiting bullish characteristics for both the near and long term, next week's Retail earnings reports may put cold water on the current rally. In particular, should we see additional companies to WMT advising that rising prices are on the horizon, inflation fears may resurface.

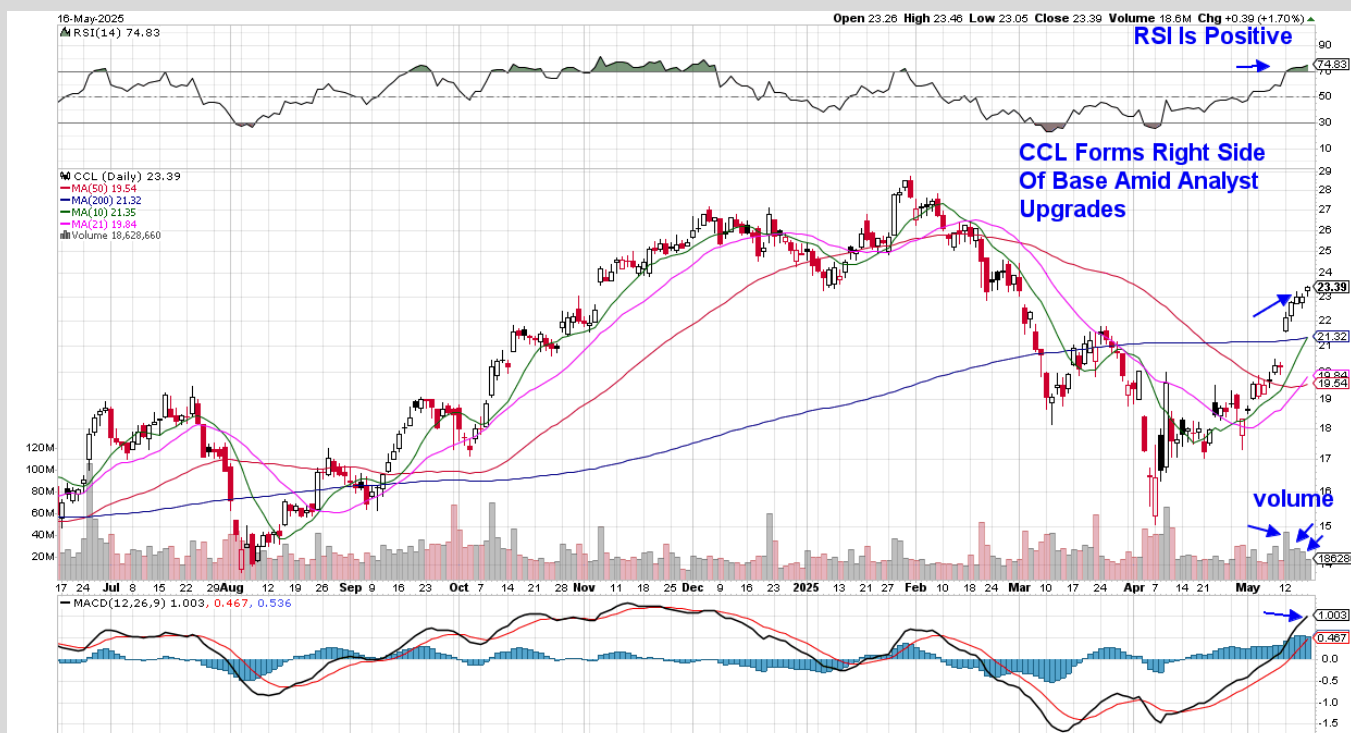
In Fed Chair Powell's speech last Thursday, he suggested that the Central Bank may need to prioritize fighting inflation, as the economy could face supply shocks and volatile price increases due to tariffs.

Next week, the economic calendar is very light and without hard data such as last week's better than expected Retail Sales numbers, we may see investors focus drift toward inflation fears.

Overall however, we're emerging from a very positive earnings season that shows corporate spending is still on the rise - particularly in AI related areas. We anticipate this area to continue to lead the markets higher.

New Buy Ideas:

Carnival Corp. (CCL)



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
------	---------	-------	------------	-------------	--------------

CONSUMER DISCRETIONARY					
BROS	Dutch Brothers		5/14/2024	2.50%	
CCL	Carnival Corp.		5/18/2025		

CONSUMER STAPLES					
WMT	Walmart	\$93.20	4/20/2025	5.5%	

FINANCIAL					
BK	Bank Of New York Mellon	\$85.90	5/11/2025	5.00%	
IBKR	Interactive Brokers	\$185.60	5/11/2025	12.5%	
COF	Capital One Financial Corp	\$187.80	5/4/2025	5.0%	

HEALTHCARE					
BSX	Boston Scientific	\$101.90	4/27/2025	4%	

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%	

TECHNOLOGY					
ASML	ASML Holding	\$768.90	5/14/2025	0.0%	
AVGO	Broadcom	\$190.30	4/27/2025	18.0%	
NET	Cloudflare Inc.		5/11/2025	18.8%	
PLTR	Palantir	\$100.80	4/23/2025	26.50%	
NVDA	Nvidia	\$135.50	5/14/2025	0.0%	
QTWO	Q2 Holdings Inc.	\$89.60	5/11/2025	1.5%	
RBLX	Roblox	\$65.70	4/24/2025	23%	
SNOW	Snowflake	\$158.60	4/24/2025	15.0%	

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.

Disclaimer: This publication "MEM Edge Report" is published by MEM Investment Research, LLC, and is both proprietary and intended for the sole use of subscribers. No license is granted to any subscriber, except for the subscriber's personal use. No part of this publication or its contents may be copied, downloaded, stored in a retrieval system, further transmitted, or otherwise reproduced, stored, disseminated, transferred, or used, in any form or by any means, except as permitted under the subscription agreement or with the prior written permission of MEM Investment Research, LLC. Any further disclosure or use, distribution, dissemination or copying of this publication, message or any attachment is strictly prohibited. MEM Investment Research, LLC is a financial publisher who publishes information about markets, stocks, industries, sectors and investments in which it believes subscribers may be interested. The information in this letter is not intended to be personalized recommendations to buy, hold or sell investments. MEM Investment Research, LLC is not permitted to offer personalized trading or investment advice to subscribers. Employees of MEM Investment Research, LLC may own positions in stocks mentioned or highlighted in THE MEM Edge Report. The information, statements, views and opinions included in this publication are based on sources (both internal and external sources) considered to be reliable, but no representation or warranty, express or implied, is made as to their accuracy, completeness or correctness. Such information, statements, views and opinions are expressed as of the date of publication, are subject to change without further notice and do not constitute a solicitation for the purchase or sale of any investment referenced in this publication. By using the information in THE MEM Edge Report, or from MEM Investment Research, LLC, or www.meminvestmentresearch.com, you assume full responsibility for any and all gains and losses, financial, emotional or otherwise, experienced, suffered or incurred by you. SUBSCRIBERS SHOULD VERIFY ALL CLAIMS AND DO THEIR OWN RESEARCH BEFORE INVESTING IN ANY INVESTMENTS REFERENCED IN THIS PUBLICATION. INVESTING IN SECURITIES AND OTHER INVESTMENTS, SUCH AS STOCKS, OPTIONS AND FUTURES, IS SPECULATIVE AND CARRIES A HIGH DEGREE OF RISK. SUBSCRIBERS MAY LOSE MONEY TRADING AND INVESTING IN SUCH INVESTMENTS.