



THE MEM EDGE

August 20, 2025 | Midweek Report

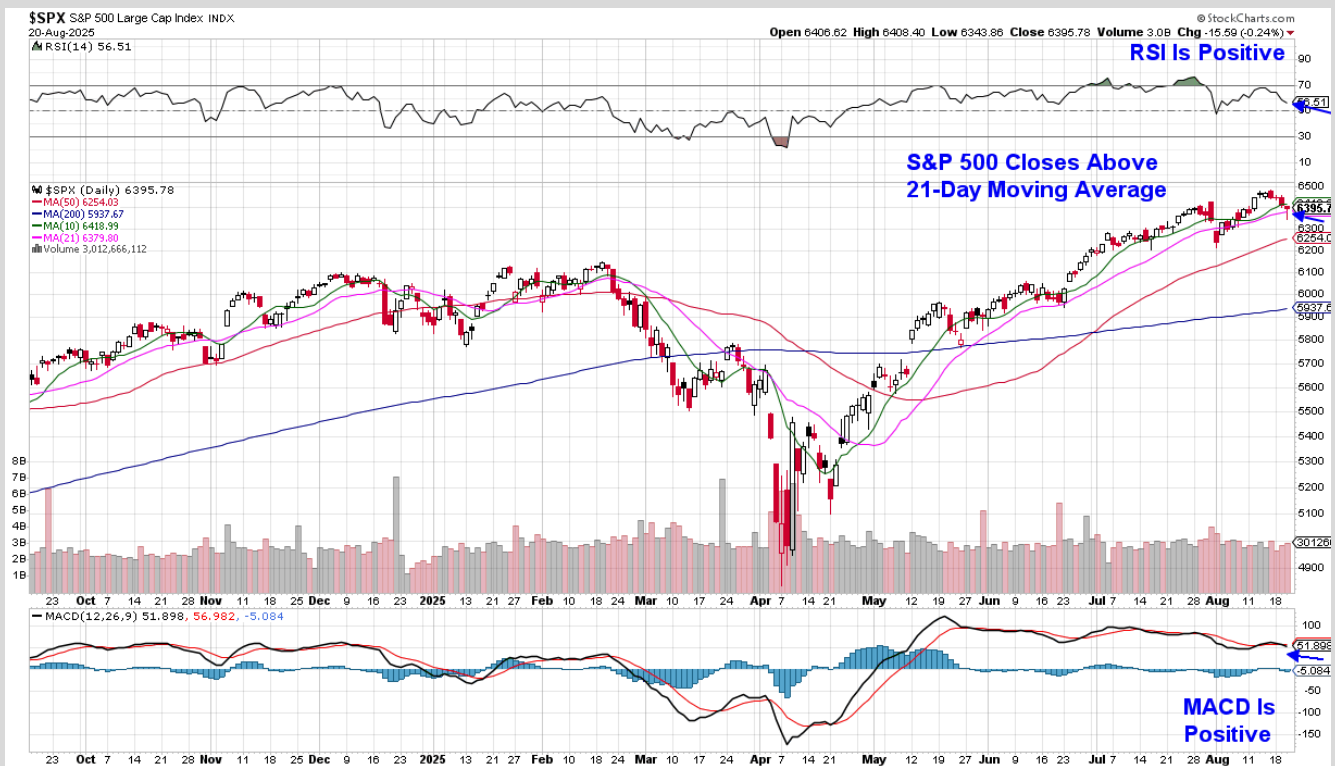
Key Developments This Week:

- U.S. Government May Take Equity Stake In Semi Companies In Exchange For CHIPS Grants
- Defensive Areas - Staples, REITs, Healthcare, And Utilities Outperform While Tech Stocks Struggle
- Home Depot (HD) and Target (TGT) Cite Tariff Issues
- Removing AeroVironment (**AVAV**) And Taiwan Semi (**TSM**) From Suggested Holdings List
- July FOMC Meeting Notes Show Fed Officials Think Higher Inflation Is A Risk

Upcoming Events This Week:

- Powell Gives Annual Jackson Hole Speech On Friday
- Walmart (WMT) Due To Report Earnings Tomorrow

Daily Chart of S&P 500



The Nasdaq has lost 2.1% so far this week, as AI-related Technology stocks continue to come under selling pressure. The Index managed to avert a possible negative RSI as buyers came in during the last hour of trading today.

With a positive RSI and MACD coupled with a close in the upper portion of its trading range today, the Nasdaq remains in an uptrend with a cautious near-term stance. The weekly chart remains constructive, which bodes well for the longer-term outlook.

This week's pullback is taking place amid concerns regarding the recent uptick in inflation, which in turn is expected to impact Fed Chair Powell's tone in this Friday's speech.

Any hint that interest rates will not be lowered in September will negatively impact the markets, with Technology stocks susceptible to the most downside price action.

Among Tech stocks on our List, Palantir (**PLTR**) was hardest hit, with a 12% decline that pushed the stock below its key 50-day moving average before buying into today's close pushed it back above it.

However, the RSI on the daily chart is now negative for **PLTR**, and the negative MACD crossover that has taken place also causes concern. A close below its 50-day moving average would be a sell signal for near-term investors.

Similar to the March into April bear market, the weekly chart remains constructive with a positive RSI, so that longer-term investors can remain with the stock.

Recently added Applovin (APP) has pulled back as well, however, the stock is above its 21-day moving average with a positive RSI and MACD. APP can be held with a close above its 10-day moving average, putting the stock into a buy zone.

Semiconductor stocks pulled back amid the Tech selloff, and the group was able to close back above its 50-day moving average due to buyers coming in at the end of today. (using SOXX)

Among Semis on our List, Rambus (**RMBS**) was hit the hardest with a 6% decline. The stock saw buying today after the stock touched its 50-day moving average. A close back above its 10-day moving average in the \$74 range, coupled with a positive RSI, would put **RMBS** into a buy zone.

Taiwan Semiconductor (**TSM**) fell 4% in a move that put the stock below its 50-day moving average with a negative RSI. This has us removing the stock from our Suggested Holdings List.

Longer-term investors can hold onto **TSM** as the weekly chart remains constructive.

Smaller-cap Semi (**TSEM**) from our List has gained 6.8% this week following news of a revolutionary imaging sensor that has a dramatic reduction in energy requirements and raw materials. While **TSEM** is in a buy zone, we would look for the Semi group (SOXX) to turn positive before adding to any positions.

Retail stocks are mixed this week, with Walmart (**WMT**) closing in bullish territory ahead of the release of their earnings after regaining its 10-day moving average.

Ulta (**ULTA**) pulled back in line with the markets, and the stock remains in a buy zone. However, **ULTA** is due to report earnings next Thursday.

Dollar General (**DG**) is in a buy zone after closing above its 10-day moving average today with a positive RSI and MACD.

Nuclear-related stocks that provide energy for AI-related projects pulled back again this week due to concerns about the company's valuation.

OKLO had been trending higher amid enthusiasm surrounding AI despite the fact that earnings are not expected until late next year.

OKLO closed back above its 50-day moving average; however, the RSI is now negative. A close above its shorter-term 10-day moving average, coupled with a positive RSI, would put the stock into a buy zone.

Internet company Reddit (**RDDT**) pulled back sharply this week due to valuation concerns following its sharp post-earnings gain. We may see further consolidation, which would allow the stock to set up for another leg up. This would be signaled by a close back above its 10-day moving average.

Among Financials, Interactive Broker (IBKR) has a near-term negative bias after its move toward its 50-day moving average, where it found support, coupled with a negative RSI. Look for a close back above its 10-day moving average in the \$64 range as a buy point.

Defense-related stocks continue to trend lower, with AeroVironment (AVAV) declining further this week. As noted on Sunday, we would be a seller after a close below its 50-day moving average. This took place yesterday, and we are removing the stock from our Suggested Holdings List.

As you can see, the markets have been in flux this week with highly valued Technology stocks pulling back the most, while defensive areas such as Staple, REITs, and Healthcare have rallied more than the markets.

We have several names, such as Healthcare stock Boston Scientific (BSX) and Utility company Southern Co. (SO), at the top of our Watch List as both stocks have turned bullish.

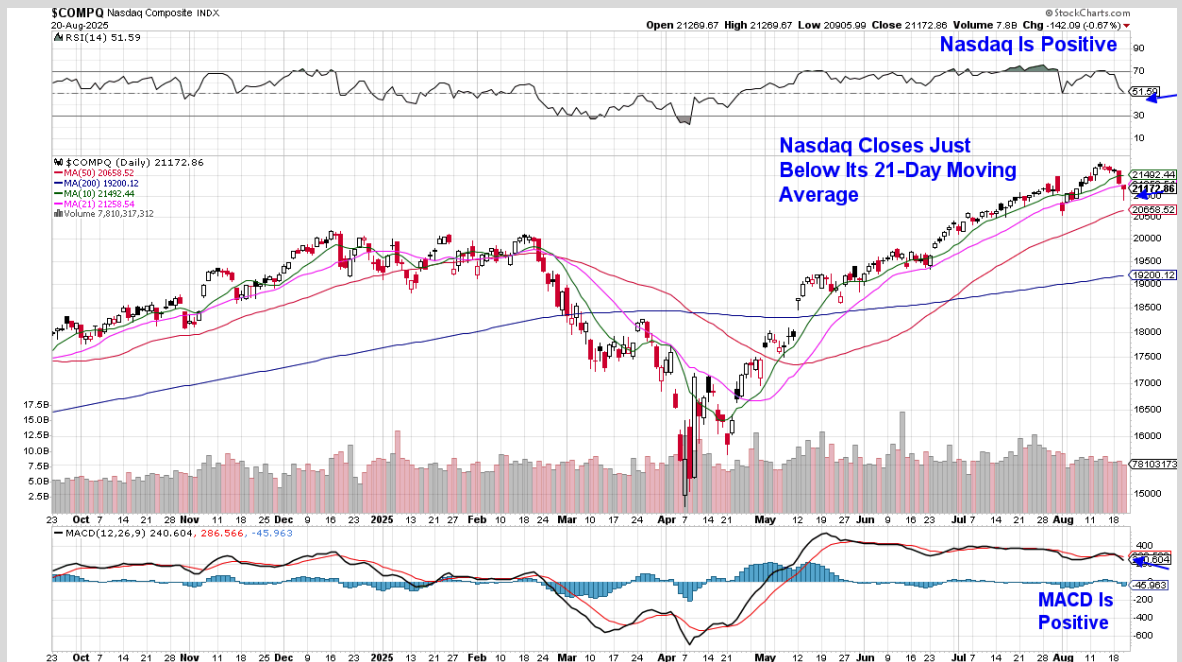
We are refraining from adding these stocks until after Powell's speech on Friday, as his comments regarding the trajectory of interest rates will impact any continued rotation away from growth and into defensive areas.

The last time the markets strongly responded to this annual speech was in 2022, after Powell's vow to fight inflation pushed the markets lower by 12% over the following 6 weeks.

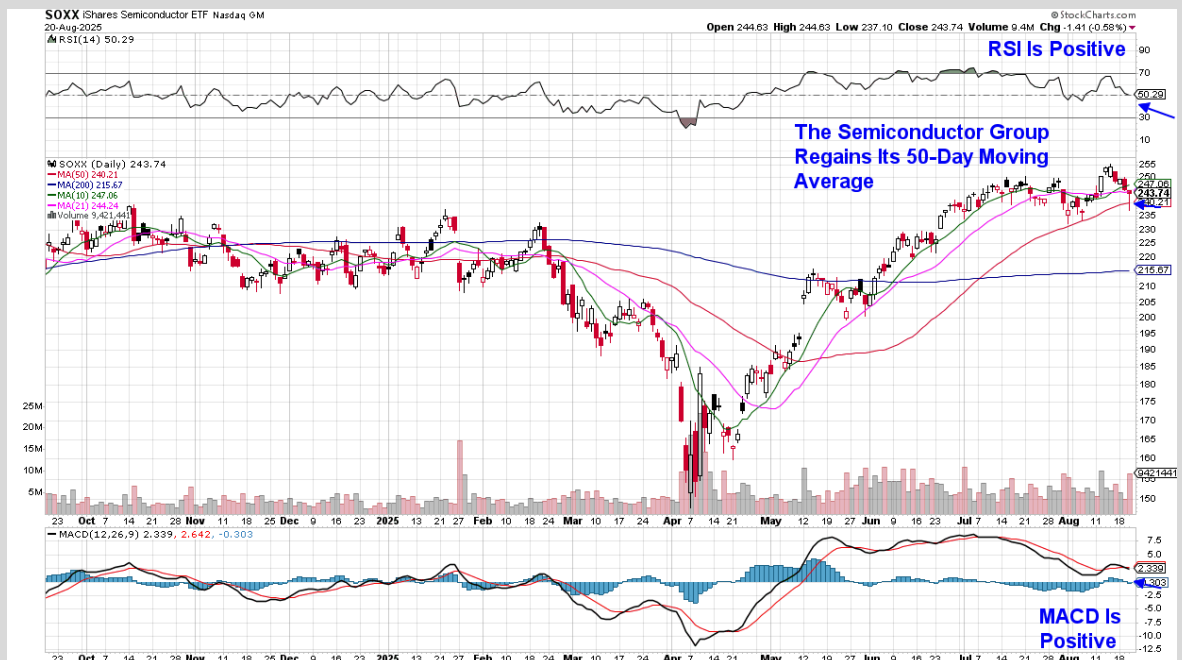
Should we experience a similar reaction to unfavorable comments, we will continue to remove stocks that close below their 50-day moving average coupled with a negative RSI on their daily charts.

CHARTS WE ARE WATCHING

Daily Chart of Nasdaq Composite (\$COMPQ)



Daily Chart of iShares Semiconductor ETF (SOXX)



STOCKS ON THE MOVE THIS WEEK

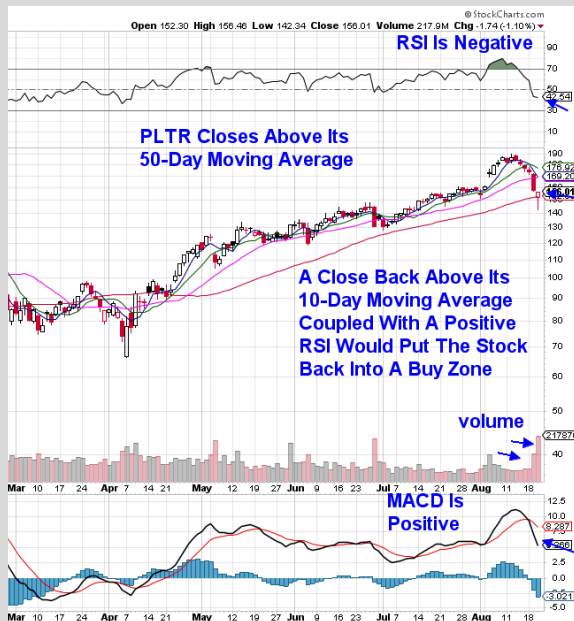
Daily Chart of DG



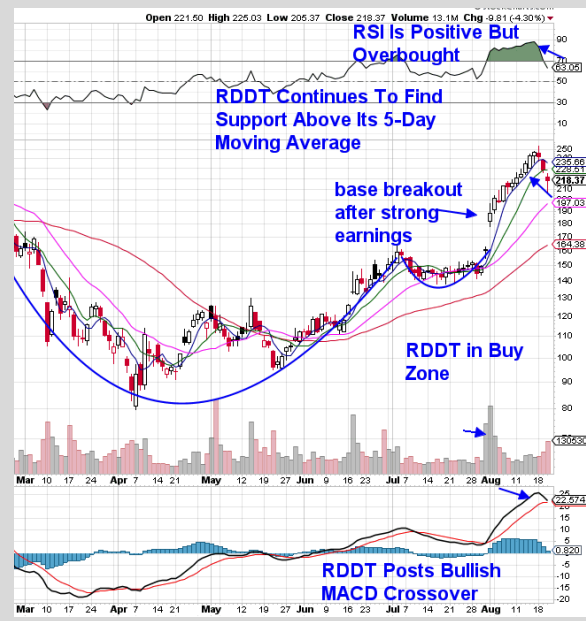
Daily Chart of OKLO



Daily Chart of PLTR

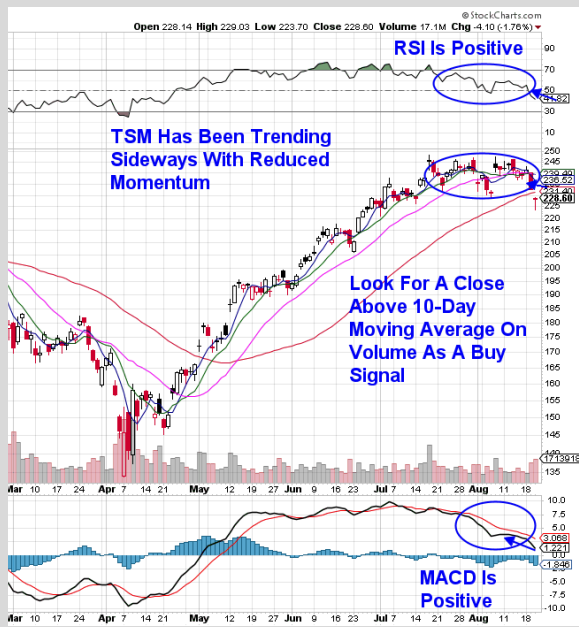


Daily Chart of RDDT



STOCKS ON THE MOVE THIS WEEK

Daily Chart of TSM



Daily Chart of TSEM

