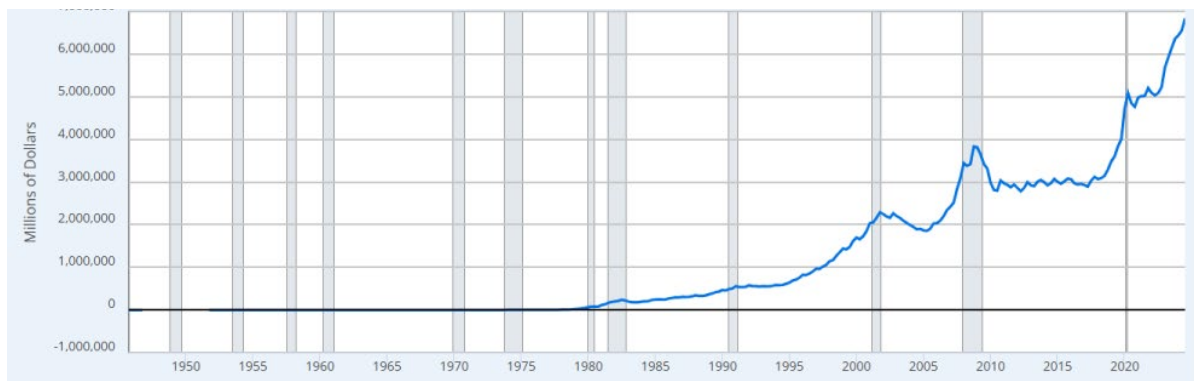


Attempting to Forecast the Markets Next Move

We all know that there is no shortage of headlines lately and that certainly includes financial headlines. I think that the key takeaway from Vance Howard's recent commentary is his assessment that the financial markets are still in an uptrend and that the equity market does seem to be broadening:

CPI and PPI came in a bit hotter than we would like. Inflation is being stubborn, but it still looks like it is softening a bit. The market is still in a solid uptrend and all pullbacks at this point should be considered buyable. So far 2025 has been a market full of chop. The St. Louis Federal reserve money market funds is sitting at an astonishing 6.8 trillion. That's an amazing amount of buying power that soon or later will go into either stocks or bonds.



The Consumer Price Index (CPI) jumped a bigger-than-expected 0.5% in January, the most since August 2023, rekindling fears that the inflation dragon has yet to be slain. The prices for basic necessities like food, energy, and shelter have all picked up. There were, of course, special circumstances, such as avian flu causing an egg shortage and a 15.2% surge in egg prices, the most in nearly a decade. Egg prices accounted for 2/3 of the increase in food-at-home prices last month. Seasonal adjustment factors also likely added to the fray. More broadly, however, faster overall price growth, combined with still-tight labor markets, as well as trade and economic policy uncertainty, should keep the Fed on hold for now.

AppLovin (AAP), the AI-powered advertising technology business reported fourth-quarter earnings of \$1.73 a share, ahead of Wall Street forecasts for \$1.25 a share, and a

jump from last year's 49 cents. Revenue in the quarter of \$1.37 billion was above the consensus call of \$1.26 billion, and an increase from \$953 million in the prior year.

AppLovin is slowly gaining a huge share of the \$15 billion ad spending inside mobile games, driving its recent outsized results. APP also said it expects first-quarter revenue to be between \$1.36 billion and \$1.39 billion. Analysts surveyed by FactSet have estimated first-quarter revenue of \$1.32 billion.



The QQQ ETF is like the little engine that could, it keeps trying to break out. It needs to clear the 539 area to confirm a breakout. The three sectors that look like good opportunities are Industrials (IYJ), Financials (XLF), Technology (XLK), and Semiconductors (SOXX).



SOXX | iShares Semiconductor ETF Nasdaq GM + BATS



SOXX has been in a volatile trading range for the past six months. A number of stocks in the sector, like (TSM) Taiwan semiconductor (TSM), ASML Holdings (ASML), and Marvell Technology (MRVL) look like they are in a buyable area from a technical view.

MRVL | Marvell Technology Inc. Nasdaq GS + BATS



<https://howardcm.com/index.php/2025/02/13/eggflation-and-applovin-cracking-the-markets-next-move/>

Scott



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