

Early-Week Stock Surge Retreats

Despite a sharp decline on Friday, the S&P 500 managed to **eke out another week of gains**, inching up 0.13%. The Nasdaq Composite ended up almost flat, slipping 0.08%. All told, this was arguably **a decent showing given last week's hot inflation prints**.

Perhaps most notably, **Core PPI for April** came in at 1.0% MoM, **well above consensus expectations** of 0.31%. PPI – wholesale inflation – is viewed as a leading indicator for consumer inflation. Yet as Lee put it, “as big as that number is and as shocking as it is, **markets seem to have taken it in stride**.”

Still, the PPI metrics matter not just for what they portend for the economy, but also because **they still impact Federal Reserve policy**. Speaking of which, Kevin Warsh was officially confirmed as the next chair of the U.S. central bank on Wednesday – just in time, because Jerome Powell's last day leading the Fed was today. Fed funds futures trading implies that the **markets now view a rate hike before the end of the year as a likely possibility**, albeit barely – a 50.9% as of Friday afternoon.

Our Washington Policy Strategist Tom Block was non-committal about this possibility, but he admitted that “it's going to be interesting to see how Warsh deals with Trump, because I doubt Trump is going to climb into a shell and stop talking about the need to lower interest rates.” Block also pointed out that the only FOMC member supporting a cut on April 29 was “the guy who's going to leave to create the spot for Warsh.” Thus, **if Warsh wants to deliver a rate cut for the president, it's likely not going to be easy**.

A big part of the rally we've seen in recent weeks has come from semiconductors. Lee and Head of Technical Strategy Mark Newton had similar views about this.

Given the exuberance shown by chip stocks lately, Lee remarked that "to me, if I was looking to put fresh money to work. **I'd rather be focused on the Magnificent Seven**, which is only up 5% year-to-date. Or software, which is down 14% for the year. As we've noted before, I think the signs of capitulation are there for software."

Newton concurred, asserting that "**semis have gotten very, very stretched**," and consequently are, in his view, a poor risk-reward. "Historically, when they've gotten this high with regards to monthly RSI [momentum], they go sideways or down," he noted. Consequently, he suggested that "it's right to **look at other areas such as software**."

▶ LIVE WEBINAR WITH Q&A

Macro Update & Top Stock Ideas



Tom Lee, CFA
Head of Research

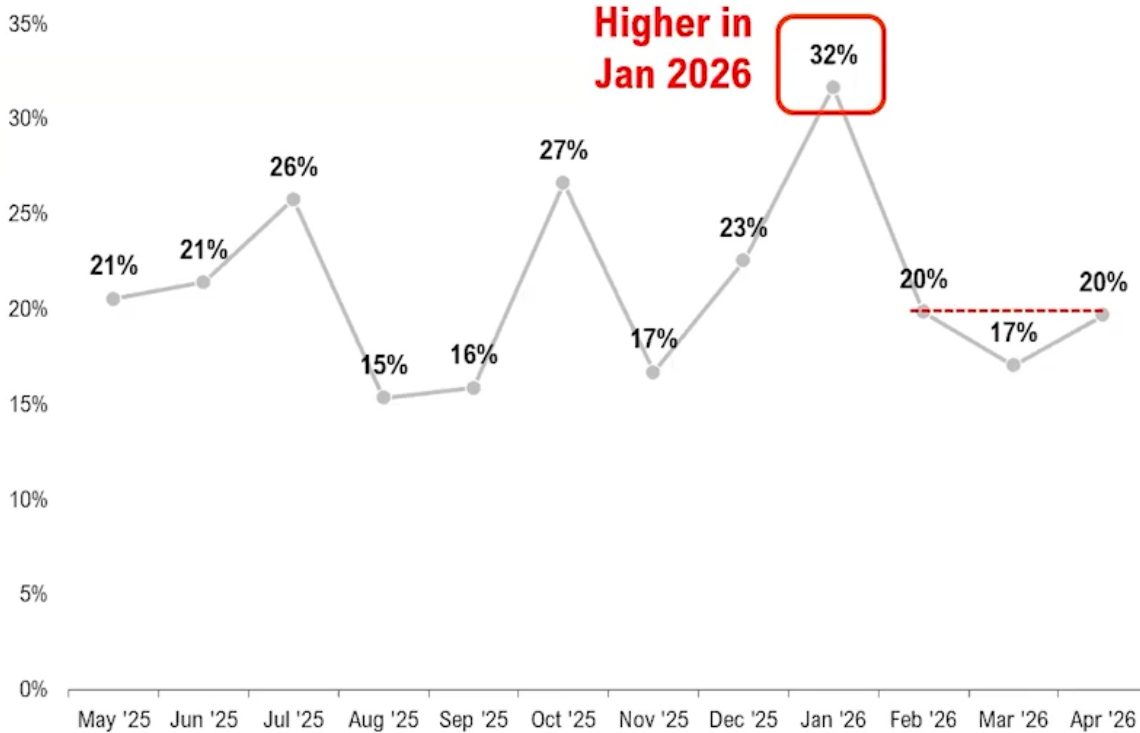


Mark Newton, CMT
Head of Technical Strategy

Chart of the Week

INFLATION: Not many PPI components surging

% of Core PPI Components by Commodity Type with >10% annualized MoM change
Last year



Source: Fundstrat, BLS

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Although the extent to which core wholesale inflation (PPI) came in above consensus expectations was shocking, Fundstrat’s Tom Lee noted that a deeper dive into the PPI print shows less cause for alarm. “Only 20% of PPI components had a 10% annualized change,” he pointed out. As a point of reference, that’s roughly where it was in February, and the number was higher in the January PPI release. In fact, we’ve seen this figure higher on multiple occasions over the past 12 months, as shown in our Chart of the Week.

Recent *Flash Insights*

**L. Thomas Block**Washington Policy Strategist

On a vote of 54Y to 45N the Senate confirmed Kevin Warsh to succeed Jay Powell as Fed Chair. Powell's term as Chair ends on Friday but his term as Governor runs until 2028. At his last press conference Powell said he plans to stay on as a Governor. Warsh will be in place to chair the June meeting of the FOMC when the next rate setting decision will occur.

May 13 • 4:24 PM

**Mark L. Newton, CMT_{AC}**Head of Technical Strategy

The push back to new all-time highs for SPX has not yet been reached for **QQQ ▼-1.76%** (1 point away) but we're continuing to see outsized strength from NVDA which is driving Technology while the rest of the market is down. 10 of 11 sectors are lower today and Financials, Energy, Utilities, and REITS are all down more than 1%, creating yet another negative breadth day. While Technology investors certainly are cheering the move in Large-cap Technology, the broader stock market is showing the weakest amount of overall breadth since mid-April and only 45% of all Russell 3000 stocks are trading above their respective 20-day moving averages. As shown below, momentum gauges like RSI continue to drop, while price is pushing higher which is certainly a technical negative. Yet, the key will be the break in the actual price trend and for now, that has not happened. Long term interest rates remain higher following this morning's hot PPI print, but are down from earlier highs. Meanwhile WTI Crude has turned negative after retreating from earlier \$103.67 down \$2 dollars to \$101.67. At this point, a close down under 7399 for S&P Futures (front month **ES ▼-2.38%** _1 shown below) would be a minor trend break, while Ichimoku support lies at 7331. SPX cash has support from 7307 up to yesterday's lows at 7338.54, and this cannot be violated

without breaking the uptrend. So those are the key levels to watch on the downside. As for upside, SPX likely has strong resistance anywhere between here and 7465 (S&P Futures with RSI indicator shown below)



May 13 • 1:07 PM



Mark L. Newton, CMT_{AC}

Head of Technical Strategy

SOX

-PHLX Semiconductor index has pulled back to near a support level from the uptrend from late March as of mid-day Tuesday. The area of importance lies near 11169 and until violated, trends are intact and very well could hold today into tomorrow. However, momentum has begun to turn down sharply and RSI has dipped to the lowest levels since early April. I think for today this is the more important development. There might not be a peak in price just yet but it looks like momentum is starting to give way and eventually this will likely result in prices moving lower. I think the EWY adjustment at the end of May could have importance as a negative catalyst for Semiconductors

globally, and it's important to watch for evidence between now and the end of May for a breakdown in both SOX and also EWY.



May 12 • 12:50 PM

FS Insight Video: Weekly Highlight



Key incoming data

- ~~5/11 10:00 AM ET: Apr Existing Home Sales~~ **Tame**
- ~~5/12 6:00 AM ET: Apr Small Business Optimism Survey~~ **Tame**
- ~~5/12 8:30 AM ET: Apr CPI~~ **Hot**
- ~~5/13 8:30 AM ET: Apr PPI~~ **Hot**
- ~~5/14 8:30 AM ET: Apr Retail Sales Data~~ **Tame**
- ~~5/15 8:30 AM ET: May Empire Manufacturing Survey~~ **Tame**
- 5/18 10:00 AM ET: May NAHB Housing Market Index
- 5/18 4:00 PM ET: Mar Net TIC Flows
- 5/20 2:00 PM ET: Apr FOMC Meeting Minutes
- 5/21 8:30 AM ET: May Philly Fed Business Outlook
- 5/21 9:45 AM ET: May P S&P Global Services PMI

- 5/21 9:45 AM ET: May P S&P Global Manufacturing PMI
- 5/21 11:00 AM ET: May Kansas City Fed Manufacturing Survey
- 5/22 10:00 AM ET: May F U. Mich. Sentiment and Inflation Expectation



LIVE WEBINAR WITH Q&A

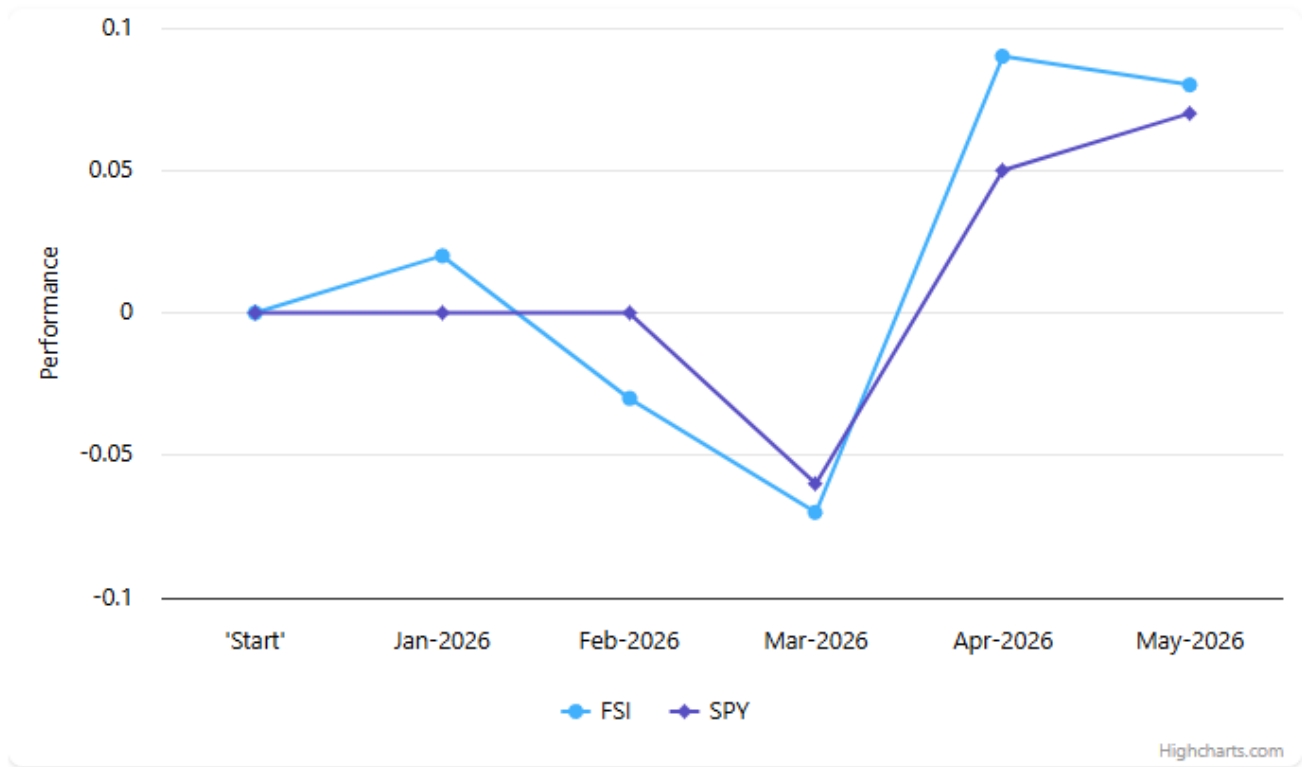
Crypto Market Update

Mark Newton, CMT
Head of Technical Strategy

Sean Farrell
Head of Digital Assets

Stock List Performance

Upticks vs SPY (Year to Date)



Performance period: January 01, 2026 through May 15, 2026

In the News

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Apr 15, 2026

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Mar 11, 2026

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