

## STELLAR MU EARNINGS SHOULD HELP FUEL A QQQ REBOUND BACK TO HIGHS



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HEAD OF TECHNICAL STRATEGY

### Key Takeaways

- QQQ held the 704 support I'd flagged at mid-day and rebounded to 710.62 into the close before trading up near 723 in the after-market on stellar \$MU earnings, which keeps the path open to a rebound back toward the highs.
- The broadening remains healthy, with equal-weight RSP holding its uptrend from the 2024 lows just beneath all-time highs and confirming that participation extends well beyond mega-cap Tech.
- New non-Tech leadership keeps surfacing, as Homebuilders and Health Care continue to strengthen near-term, and the Airlines (JETS) ETF has just broken out to the highest levels since 2018.



Near-term US Equity trends remain bullish, and while Wednesday's session saw \$QQQ and \$SPX break beneath Tuesday's lows intraday, the pullback held important support near 704 and reversed to close higher, which keeps the larger uptrend intact. Interest rates have temporarily diverged from the US Dollar and turned lower, and this weakness is helpful to groups like Homebuilders, Utilities, and REITs. While many expressed concerns of Semiconductor and Memory stock weakness following Tuesday's KOSPI decline, nothing in Wednesday's session suggested any kind of material technical damage to abandon a bullish stance. The bigger development arrived after the close, as Micron's stellar earnings sent \$QQQ up near 723 in the after-market, a level that, if it holds into Thursday, would confirm the rebound I had been expecting following this week's minor ABC pullback. Beneath the surface the broadening continues to look healthy, with equal-weight \$RSP near all-time highs and fresh non-Tech leadership emerging in Health Care and the Airlines. Overall, it's arguably right to lean bullish and expect that the \$MU earnings very well could serve as the catalyst for \$QQQ and \$SPX to get back to all-time high territory.

**\$QQQ held 704 support, and the rebound should resume back toward the highs**

\$QQQ broke beneath Tuesday's lows intraday on Wednesday but found support right at the 704 level I'd flagged at mid-day, bouncing to close at 710.62. The 15-minute structure off the mid-month high shows the open-gap "Wave 3" pullback into Tuesday followed by a failed corrective bounce, a sequence that argued this minor pullback was nearing an end.

With \$MU's earnings out after the close and \$QQQ trading up near 723 in the after-market, while \$MU is back up to near this week's highs (up more than 15% as of 5pm EST post-market close), I expect \$MU's earnings likely serve to jump-start the rally back to highs.

Overall, this week's decline has not done anything to disrupt a bullish stance, and the early-week pullback has created a more attractive risk/reward for \$QQQ. Above \$720 on a close Thursday should drive price up to \$734, and movement above 743 should allow for rallies initially to \$763, then \$785 technically. I do not expect a technical slide beneath June 9th's 685.64 lows, which is strong support to any weakness.

**Invesco QQQ Trust (\$QQQ, 15-min) - Open-gap "Wave 3" pullback held 704 support, with a move back over 720 confirming the rebound**



Source: TradingView

## Equal-weight \$RSP push to multi-day highs on a close near all-time highs keeps the broadening story healthy

\$RSP continues to track just beneath its all-time highs, holding the rising trendline off the 2024 lows and closing today at the highest daily close since last Wednesday.

The price action in Healthcare, Consumer Discretionary, and Industrials has been quite helpful for the broad-based expansion story over the last month, and these three sectors have outperformed both Equal-weighted and Cap-weighted Technology.

\$RSP has now been trending up vs. \$SPY for the last five weeks, and this outperformance looks likely to continue into July, relatively speaking (this chart not shown).

Overall, similar to keeping track of trends in \$SPX and \$QQQ, it's also right to watch trends in \$RSP over the next month. My expectation is that \$RSP pushes back to new highs along with \$SPX and \$QQQ.

## Invesco S&P 500 Equal Weight ETF (\$RSP, daily) - Holding the uptrend from March lows just beneath all-time highs



Source: TradingView

## \$MU's stellar results likely help \$MU push back to new all-time highs

The \$MU earnings report was a clear beat, with Micron guiding fiscal 4Q adjusted revenue to \$49–51 billion against the \$43.24 billion consensus and posting fiscal 3Q adjusted gross margin of 84.9% versus the 81.9% estimate. **Shares responded by trading up more than 15% to roughly \$1,207 in the after-market, back near this week's highs, and the technical picture remains near-term bullish but extended in the short term.** While the share price should naturally remain volatile heading into Thursday's trading session, I expect \$MU should rally to test and exceed its former highs into July. In the near-term, any daily close above \$1,213 could lift \$MU initially toward 1,291, and over that level there is not much resistance until 1,410–1,458, which is an intermediate-term resistance zone.

That said, momentum has begun to slow, with daily RSI carving out consecutively lower highs since May even as price has pushed to higher highs, while weekly RSI

has fallen to 71 from 85 in mid-May and monthly RSI sits near a very stretched 90. A possible TD Sequential sell signal could appear in roughly two weeks, which raises the risk of some weakness into August. For now, it's right to expect that a higher open on Thursday should be helpful toward allowing \$MU to push back to new highs.

However, it pays not to be too complacent at this stage of the rally as price has gotten very stretched. I do suspect this fall brings weakness, though there's no proof of that from a trend perspective just yet. While not expected in the near-term, any move back down under Wednesday's lows at \$991 should encounter strong trendline support from the March lows down near 934.

**Micron Technology, Inc. (\$MU, daily) - Uptrend from the late-March lows intact, with initial upside targets at 1,213, 1,291 then intermediate-term targets between 1,410–1,458**



Source: TradingView

**Health Care continues to strengthen on the heels of \$XBI, \$XHS breakouts, and seasonally this sector should continue to work well**

Healthcare continues to show evidence of strengthening both on an absolute and relative basis, and the sector remains a technical Overweight.

In recent weeks, Healthcare Services and Biotechnology have both broken out to multi-year highs, and we've seen some compelling stabilization in Medical Devices.

The ratio chart of Healthcare vs. S&P has shown some impressive evidence of surpassing the downtrend in relative performance which most recently began in late 2025.

This push above this downtrend initially happened a few weeks ago but is accelerating this week and has coincided with a bullish crossover in weekly MACD (Moving Average Convergence Divergence).

I expect Healthcare to continue strengthening over the next month, and along with Consumer Discretionary, I consider Healthcare a sector that looks appealing to play a bounce into late summer.

**Health Care vs. S&P as a ratio (Equal-weighted \$RSPH vs. Equal-weighted \$RSP)**



Source: Symbolik

## **Airlines (\$JETS) have broken out above the February highs to a new multi-year high**

\$JETS rallied +4.77% week-to-date to 32.48 and has broken out above its February highs from earlier this year, a move that puts the ETF at a new multi-year high and its highest level since 2021.

This breakout resolves a lengthy base and is a clear positive for the group, with the former resistance near the 2021 peaks at \$33.60 now expected to act as short-term resistance on this rally.

Upside targets are best measured via Fibonacci projections of the prior advance, in this case March 2020 into 2021. Thus, a 1.382x Fibonacci alternative projection, measured from the 2023 lows, would project up to \$38.75 approximately.

As discussed a few weeks ago, Airlines were thought to be one of the key beneficiaries of falling Crude prices, which I do not suspect have yet bottomed.

Furthermore, \$JETS pushing to new yearly highs alongside Health Care and Homebuilders is quite helpful for relative strength in Equal-weight \$RSP.

**Overall, I am bullish on Airlines, and stocks like \$DAL, \$UAL, \$LUV are a few of the more attractive names within this space, technically speaking.**

**U.S. Global Jets ETF (\$JETS, weekly) - Breakout above the February highs to the highest level since 2021**



TradingView

Source: TradingView

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