

CLUB

# We're watching 6 of our stocks making moves Thursday and considering buying more of another

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## In this article

DD UNCH COST +0.84 (+0.12%) NVDA -0.21 (-0.03%) 

DIS +11.39 (+11.49%)

*Every weekday, the CNBC Investing Club with Jim Cramer releases the Homestretch — an actionable afternoon update, just in time for the last hour of trading on Wall Street. We're no longer recording the audio, so we can get this new written feature to members as quickly as possible. Here's Thursday's edition.*

**Market moves:** The [S&P 500](#) was making another run at 5,000 during Thursday trading after coming close Wednesday in another record finish. The [Nasdaq](#) was higher in the session and only roughly 1.5% away from its November



Thursday. In the bond market, it was another day, another successful auction. The Treasury sold \$25 billion worth of [30-year bonds](#) at a lower-than-expected yield. Lower is better in this case. Credit to Josh Frost, the assistant secretary for financial markets at Treasury, for keeping bonds at peace.

**Magic quarter:** The pressure on holding a lid on the Dow was not [Disney](#)'s fault. The Club name and Dow stock surged roughly 12% Thursday, the day after a [strong earnings report](#). One of the big themes of Disney's conference call Wednesday evening was this "sense of urgency" to get the direct-to-consumer business profitable and drive margins to the double digits. "Nelson Peltz believes he has created the urgency, but he thinks more than cost cutting is needed. Having skin in the game will change things," Jim Cramer said.

**Chips up:** Stop us if you heard this before, but the semiconductors were up again. This time it's due to a breathtaking move in chip designer [Arm Holdings](#), which rallied more than 50% after strong earnings. "The real analog to the amazing move in Arm is Broadcom as a ubiquitous necessity to extending Nvidia into the data center," Cramer said. Club names [Broadcom](#) and [Nvidia](#) both shares traded at fresh all-time highs Thursday.

**New highs:** Other stocks making new highs are [Palo Alto Networks](#) and [Costco](#). "Palo Alto keeps making highs as it is the gold standard in cybersecurity. Unassailable," Cramer said. "Costco shows that it has all aisles on fire." Costco reported stronger than expected monthly sales for the retail month of January."



[HCA](#) and [AZEK](#). Both were on the move because of the strong quarter from Masco, another home improvement company. “Those are all building products companies used by Pro. That’s good for Stanley Black & Decker and says Home Depot will have a great quarter,” he added. [Stanley Black & Decker](#) is a holding of the Club portfolio.

**Other musings:** We were reading the latest “Eye on the Market” note that JPMorgan’s Michael Cembalest puts out. The start of the note talked about how the 28% return in the Magnificent Seven stocks since 2019 has mostly been driven by sales growth and margin expansion with hardly any multiple expansions. The increasing concentration of this group may be alarming but take comfort in the fact that it’s been an earnings-driven rally.

- The section of Cembalest’s note that caught our attention was when he pointed out how serious the water quality issues are in China, where 70% of its rivers and lakes are unsafe for humans and 91% of water bodies that local governments have reportedly fixed still don’t meet standards. It had us thinking about what went wrong at Club name [DuPont](#).
- DuPont’s water business in China had historically been thought of as a secular grower due to the issues above, and yet the last two quarters have been marred by the dreaded de-stocking of inventory. The stock has made a strong move off its recent lows, partly because on its [earnings call](#) management said orders in January were up 13%, a sign inventory will bottom in the middle of the year. DuPont still thinks of its water business as a mid-single-digit grower long term, and the horrifying statistics about China back this up. The stock appears to be stabilizing



**What's next:** We can catch a breather Thursday evening with no companies in the portfolio reporting earnings but tune into “Mad Money” later to see Cramer’s interview with [GE Healthcare](#) CEO Peter Arduini following the medical equipment maker’s [strong earnings](#) this week. A few companies of interest reporting later are [Affirm](#) , [Pinterest](#) , [DexCom](#) , [Expedia](#) , and [Take-Two Interactive](#) . [PepsiCo](#) reports Friday morning.

(See [here](#) for a full list of the stocks in Jim Cramer’s Charitable Trust.)

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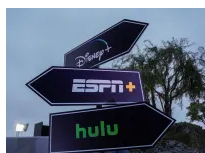
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