



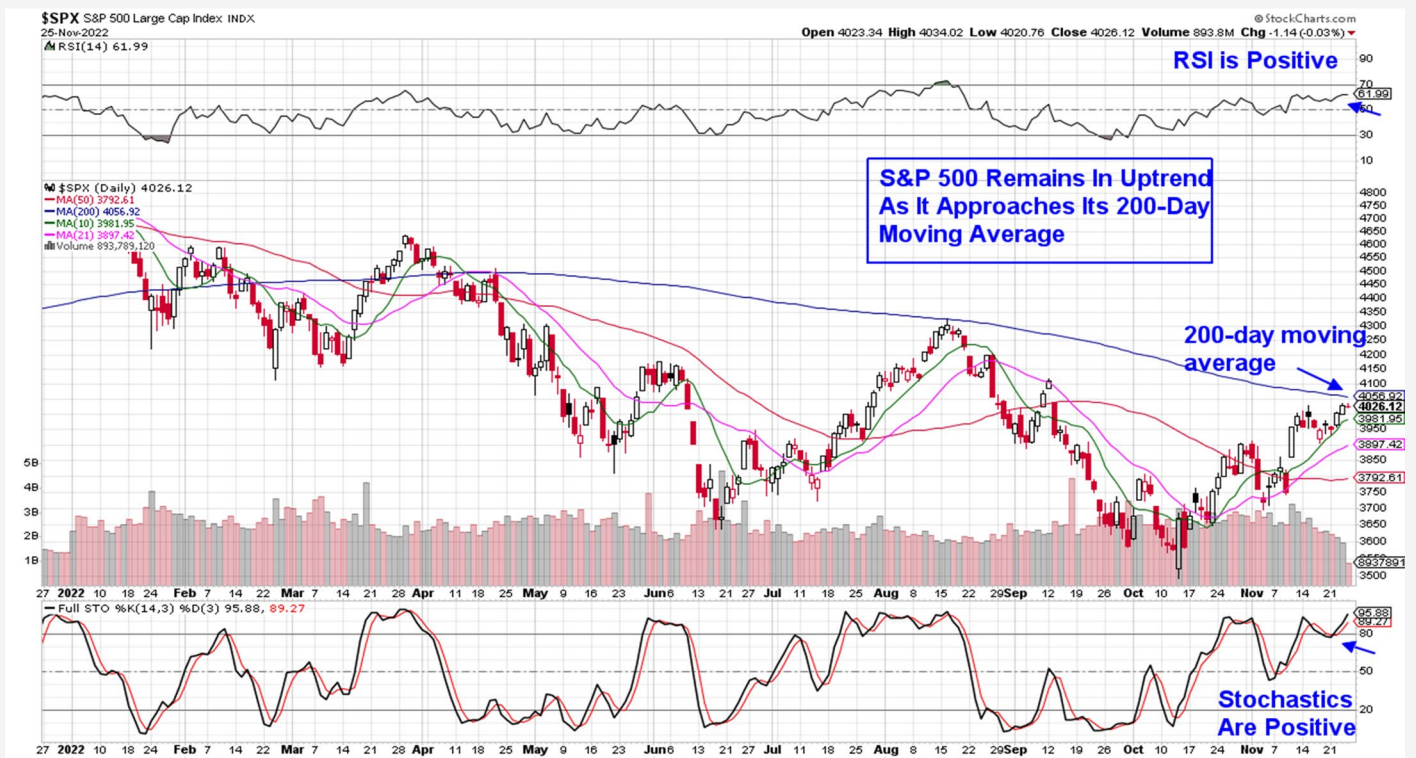
THE MEM EDGE

November 27, 2022 | Weekly Report

This Week's Highlights

- FOMC Notes Hint At A Rate Hike Slowdown
- Durable Goods Orders Jump Amid Easing Of Supply Chain Issues
- Weekly Jobless Claims Jump
- S&P Business Survey Shows Economy Is Slowing (PMI)
- Consumer Sentiment Drops Amid High Inflation
- November Unemployment Rate, Core PCE, Consumer Confidence & Spending Data Due Next Week

Daily Chart of S&P 500



The S&P 500 rose 1.5% for the week in a move that puts this Index less than 1% away from its 200-day moving average. With the RSI and Stochastics in positive territory, the near-term uptrend remains in place.

A close above the 200-day moving average would be constructive for the near-term prospects of the markets - particularly if it were to occur on above average volume. Should we experience a pullback, the 10-day moving average is now the first area of possible support.

The Nasdaq rose 0.7% for the week as the FAANG stocks posted mixed results as did other areas of growth. With the RSI and Stochastics in positive territory, the near-term uptrend in this Index is intact as well.

The Nasdaq managed to close the week just above its 10-day moving average which is acting as support. A move below this mav would have us looking to the 50-day moving average for support which is 2.9% away. This Index has room to trade higher as the next area of

possible resistance is its 200-day moving average which is 7.2% away.

Last week's largest gainers were companies that reported earnings above estimates and as is the case toward the end of earnings season, they were primarily Retail stocks. These stocks rallied 2.5% with the group now very close to bullishly breaking above its 200-day moving average (using XRT).

In addition, we experienced a continuation rally into defensive Utility and Staples stocks with both areas outperforming the markets again last week.

The Utility sector is now in a confirmed uptrend after breaking back above its 200-day moving average. (XLU). Financial stocks also outperformed led by Regional Banks which are now in positive territory after ETF KRE closed above its 200-day moving average.

Growth stocks underperformed last week however, there were pockets of strength such as Retail and select Semiconductor and Software stocks which we'll review below.

With newer groups joining already positive areas of the market, we're continuing to see a broadening out of participation in the current uptrend. This is good news as it's unlike the June into August rally which was led primarily by mega-cap tech stocks such as Apple (AAPL) and Microsoft (MSFT) which were both on our Suggested Holdings list at that time.

At this time, we're continuing to see a move into the safety of big cap Healthcare, Staples, Utilities and until very recently, Energy stocks. The rotation into these areas explains why the Dow Jones Industrial Average has been outperforming with this Index down only 5.5% year-to-date vs the S&P 500 and Nasdaq which have lost 15.5% and 28.2% respectively.

In order for the markets to sustain a longer-term uptrend, we'd need to see the S&P 500 and Nasdaq exhibit outperformance as well, as a move into heavier weighted areas such as Information Technology has been the hallmark of a strong bull market.

Last week's positive price action was given a boost on Wednesday after notes from the latest FOMC meeting revealed that officials are expecting to switch to a smaller interest rate increase policy.

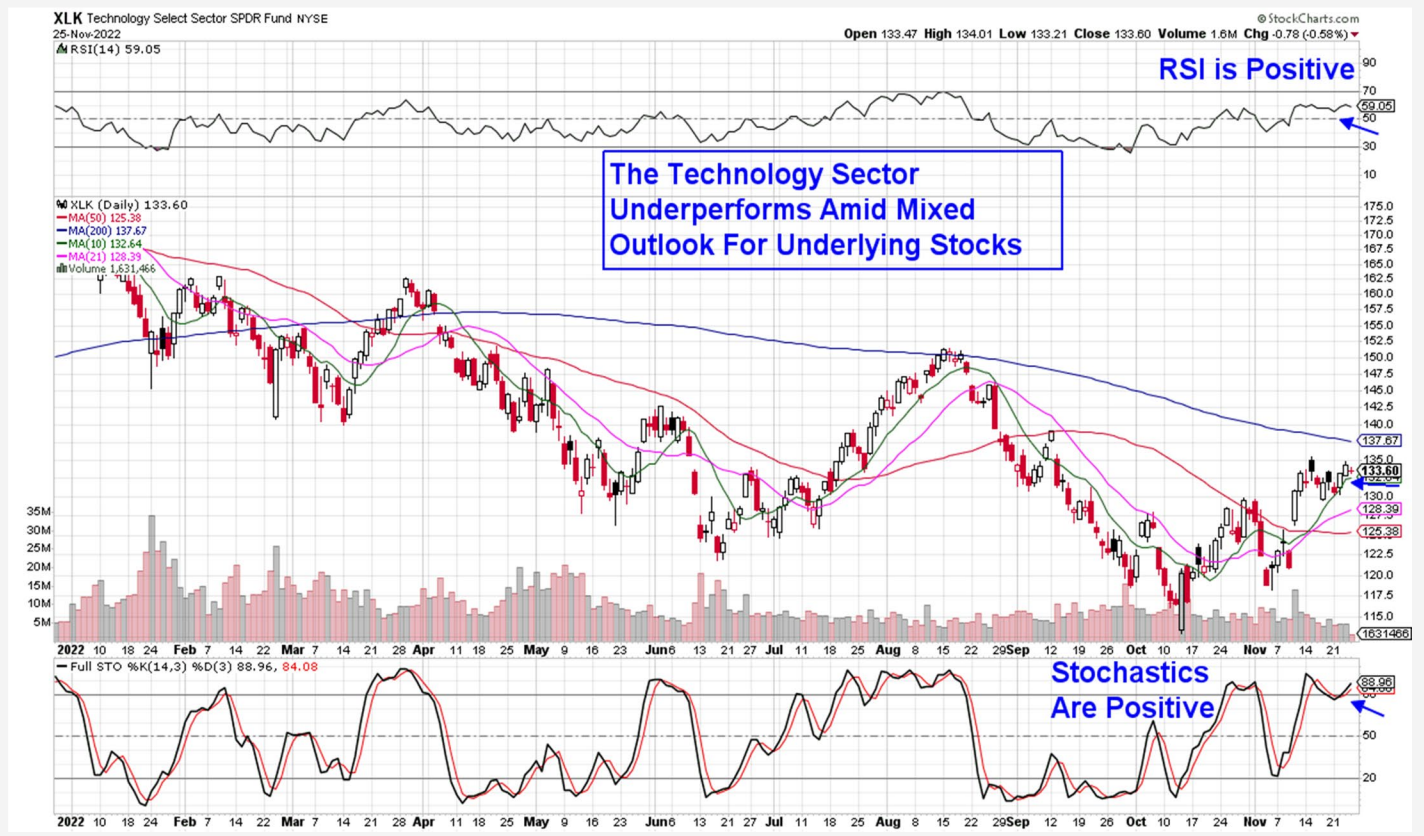
The news followed reports of a slowing economy from PMI data as well as an increase in unemployment claims. Negative economic data paved the way for the Federal Reserve to slow down their rate hike campaign.

Interest rates are continuing to decline which is good news for stocks as is the recent drop in the volatility index (VIX) also known as the fear index.

Next week, earnings season continues while the economic calendar has impactful reports due such as core PCE and the unemployment rate. Both areas are hot buttons for the Federal Reserve as they strive to fight the currently high inflation.



Technology Select Sector SPDR Fund (XLK)



Technology Sector Underperforms

Heavyweight stocks Apple (AAPL) and Microsoft (MSFT) account for a 40% weighting in this sector and their performances mostly canceled each other with MSFT from our List gaining 2.6% while AAPL fell 2.1%.

Microsoft (MSFT) pulled back from a 2-week base breakout amid news that their pending purchase of Activision may be blocked by the FTC. The stock is in a confirmed uptrend as it finds support at its upward trending 10-day moving average and can be bought on any pullback to the \$245 range.

Elsewhere in Tech, Semiconductors gained less than the markets however, the group remains in an uptrend as it approaches the 200-day moving average which is 4% away and has acted as resistance.

Semis have been a mixed group with heavyweight names such as Micron (MU) reporting a slowdown in memory chip demand while Nvidia (NVDA) has advanced recently amid a jump in data center revenues.

Of Semiconductor stocks on our List, O N Semi (ON) remains above its 10-day moving average with its RSI and MACD in positive territory which puts it in a buy zone.

The stock received a boost from news the prior week that General Motors raised its electric vehicle

production levels as it ramps up five assembly plants. ON manufactures technology that brings more efficient electric vehicles to market faster and analysts have raised their earnings outlook for the company.

A S M L Holding (ASML) has also seen its earnings estimates revised higher for both this year and next following the company's guidance that demand for their proprietary chips will continue to grow for the rest of the 2020's. The stock was flat for the week but remains in an uptrend above its 10-day moving average and can be bought.

NetApp (NTAP) from our List will be reporting their quarterly earnings on Tuesday. The 2.7% yielder provides data management hardware to corporations and has a history of reporting earnings that are above estimates. The stock is a hair away from a 2-week base breakout and a move above \$75 on positive earnings would put the stock into a strong buy zone.

Solar energy provider Enphase (ENPH) remains in a confirmed uptrend after last week's 2.5% rally. The stock continues to benefit from news earlier this month that California - the top state in the country for solar installations - is going to pull back from an earlier plan to increase the cost of installation.

ENPH has seen its earnings estimates revised higher after reporting triple digit earnings growth last month

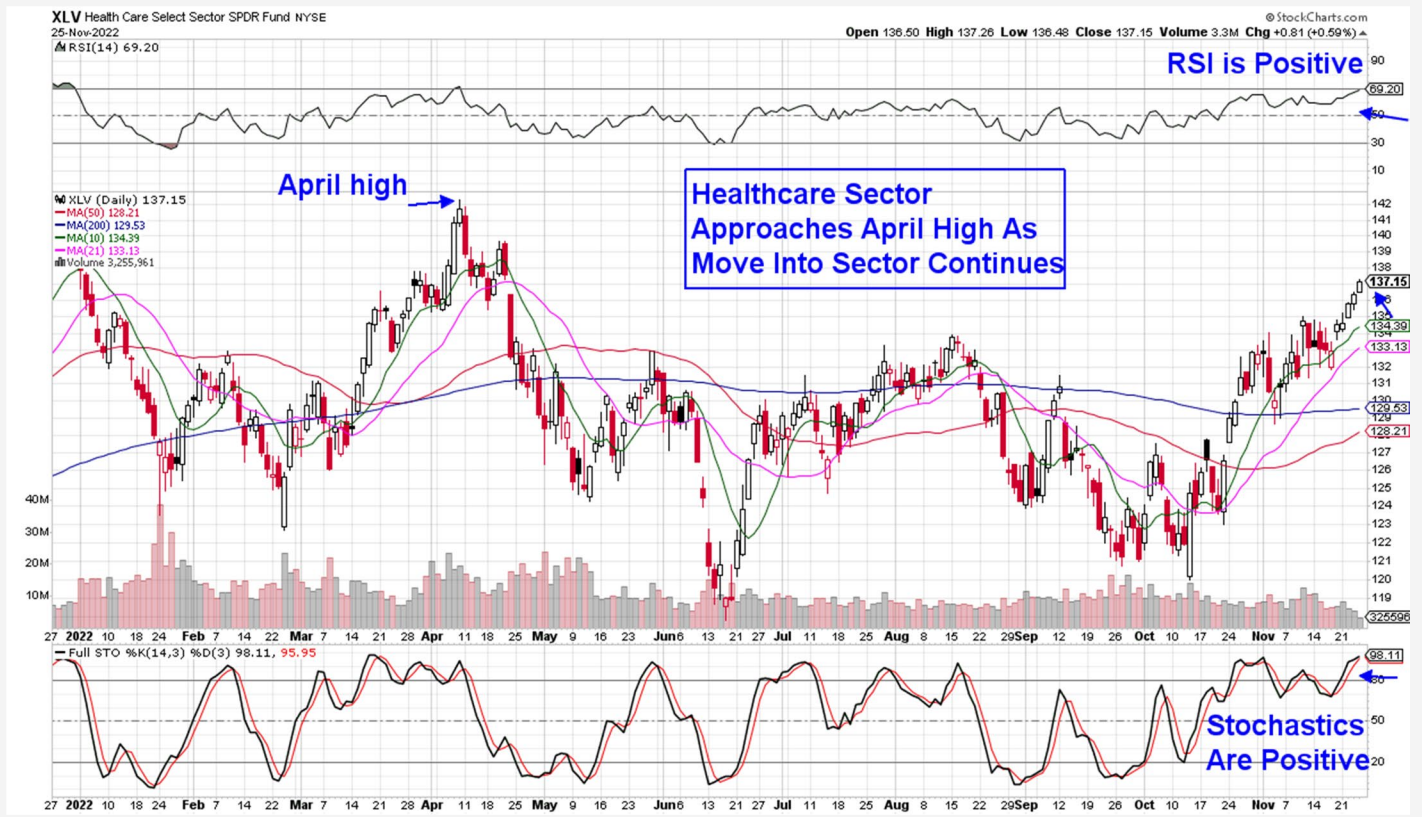
with management guiding their growth outlook higher going forward.

Stocks in this group have exhibited an ability to outperform even during difficult periods for the broader markets such as August into October and the chart for Renewable Energy Equipment remains in a strong uptrend.

The Technology sector is continuing to find support at its upward trending 10-day moving average with positive momentum indicators.

Next week, several well-known Software companies such as Salesforce (CRM) and DocuSign (DOCU) to name a few, are due to report their quarterly results. In addition to 3rd quarter numbers, more closely watched will be management's guidance for growth going forward.

Healthcare Select Sector SPDR Fund (XLV)



Healthcare Sector Remains Strong

Healthcare stocks are approaching their April high in price as the group outpaced the broader markets for the 2nd week in a row.

While Biotechs were flat for the week, names such as Gilead (GILD) from our List outperformed the market after a 3% rally amid analyst upgrades. The stock continues to find support at its 5-day moving average and can be bought on a pullback to the \$85 range.

Amgen (AMGN) from our List pulled back to its 21-day moving average where the stock found support. Both the RSI and MACD are positive on the daily chart however, they're trending downward. We're on the lookout for a move back above the 10-day moving average which is currently at \$285. This would put AMGN into a buy zone.

The Biotech ETF (IBB) traded in a very tight range on relatively light volume last week and remains in an uptrend.

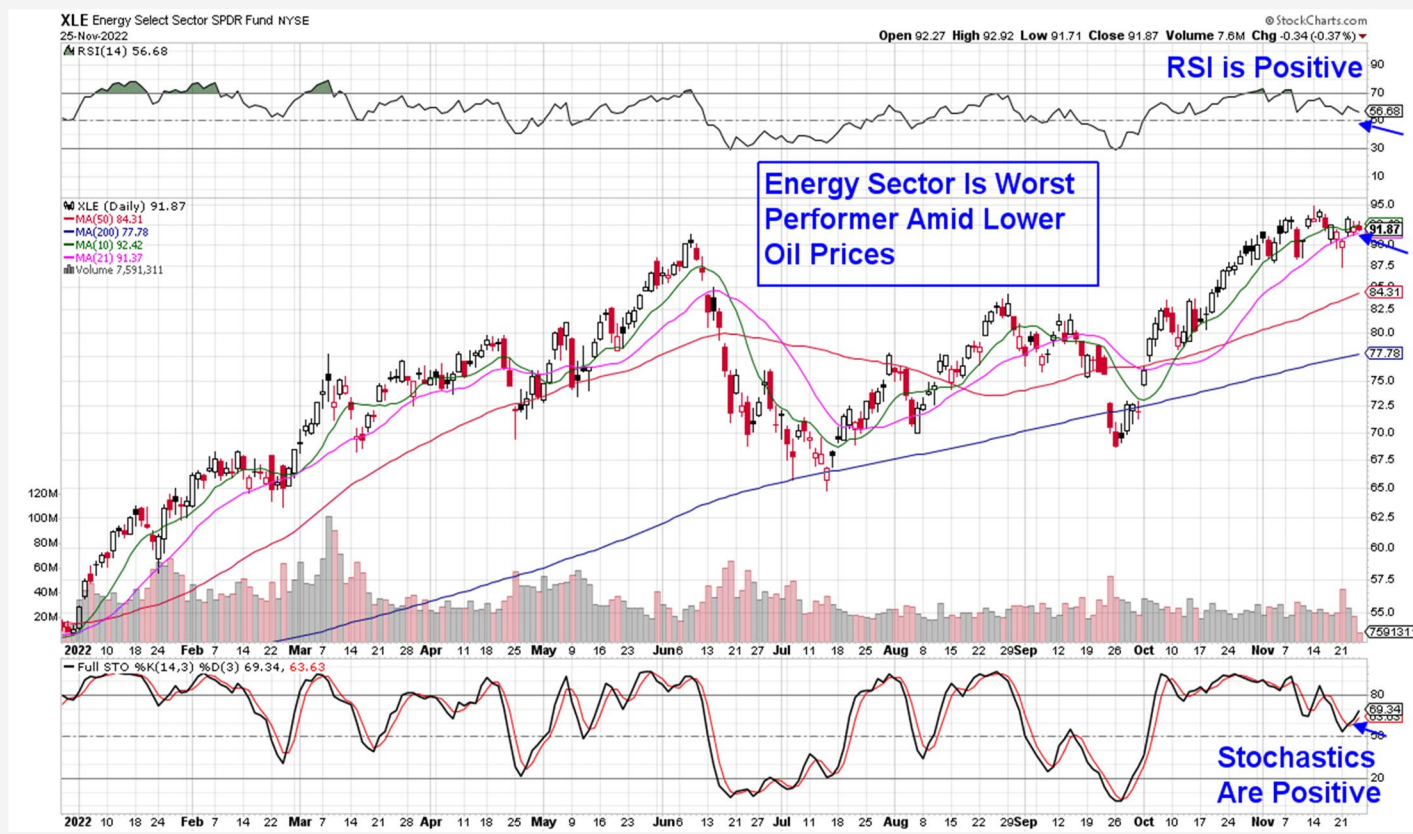
Biotech heavyweight Vertex (VRTX) pulled back from a midweek high in price to end the week flat.

This week, we're adding Biotech stock BioMarin (BMRN) following its gap up into a base breakout on news that the FDA will bypass an advisory committee meeting to review their hemophilia gene therapy. The news pushes the review process closer to approval.

BMRN is in a buy zone with its RSI and MACD in positive territory.

AstraZeneca (AZN) remains in a buy zone as the stock continues to find support at its upward trending 5-day moving average. The company reported strong results earlier this month that were ahead of estimates. Analysts are most excited about the recent approval for their asthma medicine in the EU and Japan which will add to growth in the U.S.

Energy Select Sector SPDR Fund (XLE)



Energy Sector Is Worst Performing

Oil related stocks were flat for the week amid news of a further lockdown in China - the largest importer of oil - as well as reports of a buildup in U.S. oil inventories. The news pushed Brent crude oil prices down to the \$84 per barrel level.

The current price for oil has dropped to levels last seen at the beginning of this year and in turn, Energy stocks pulled back. Schlumberger (SLB) from our List was hit particularly hard with a 5% decline which took place despite analyst upgrades to earnings for both this year and next.

One explanation for Schlumberger's sharp selloff relative to its peers is that it's had the largest upside performance over the past several months and profit taking may be taking hold

The decline pushed the RSI into negative territory which has us removing SLB from our Suggested Holdings List.

Haliburton (HAL) which is in the same industry group, fared better for the week however, we're being

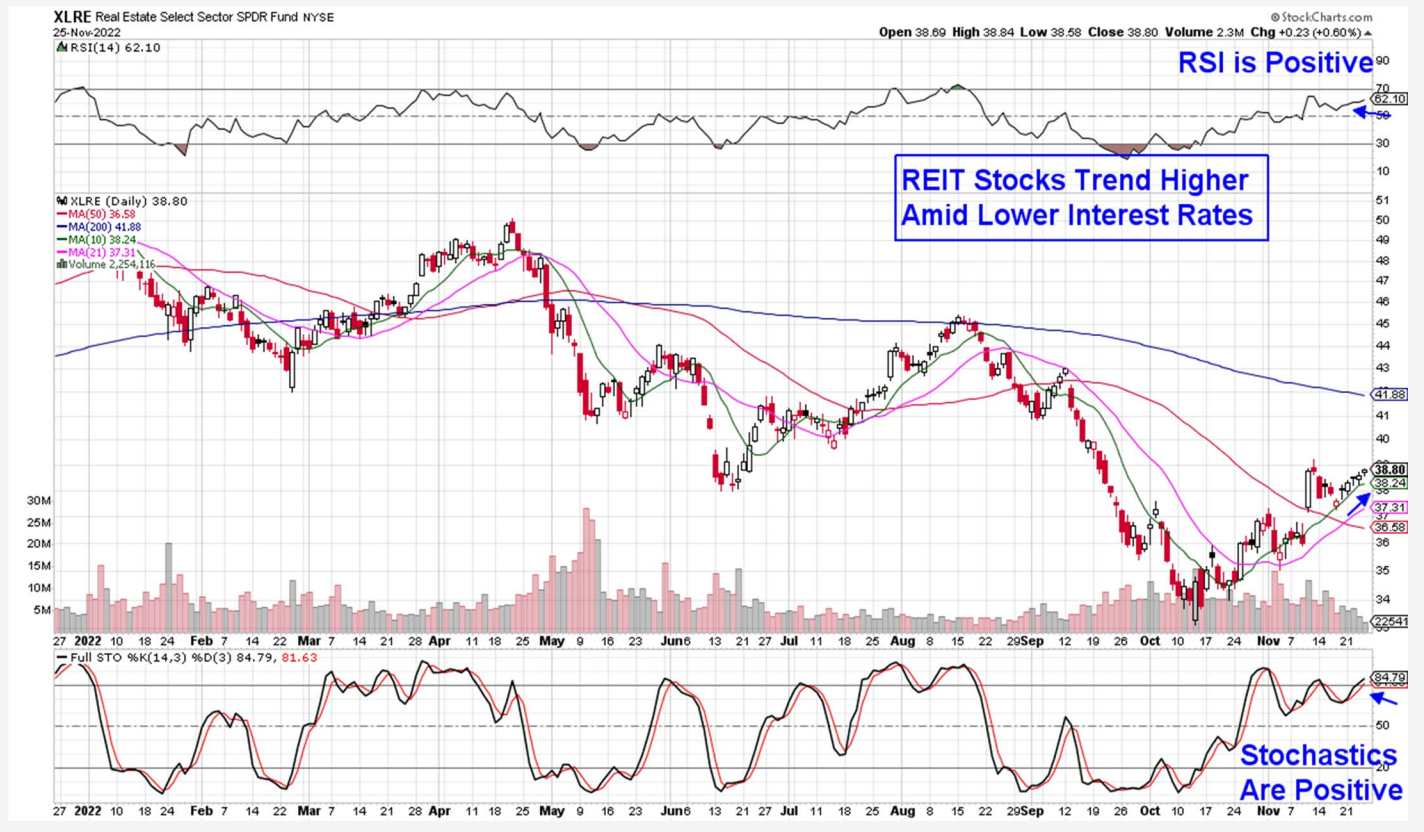
preemptive and removing this stock as well as the RSI is on the cusp of turning negative while the MACD is trending lower on the daily chart.

Energy stocks in the Exploration and Production area fared better for the week with both Exxon (XOM) and E O G Resources (EOG) rallying 1% for the week.

Exxon is in a buy zone as it finds support above each of its moving average with a positive RSI and MACD. EOG needs to break back above its 10-day moving average to be in a buy zone

The Energy sector remains in an uptrend as it's trading above its 21-day moving average with positive momentum indicators on its daily chart. However, the upside momentum that was in place earlier this month has slowed due to crosscurrents such as determining the price cap on Russian oil. Last week, the EU and G7 met but were unable to agree upon a price range. Longer term, the weekly chart for Energy remains constructive.

Real Estate Select Sector SPDR Fund (XLRE)



Real Estate Sector In An Uptrend

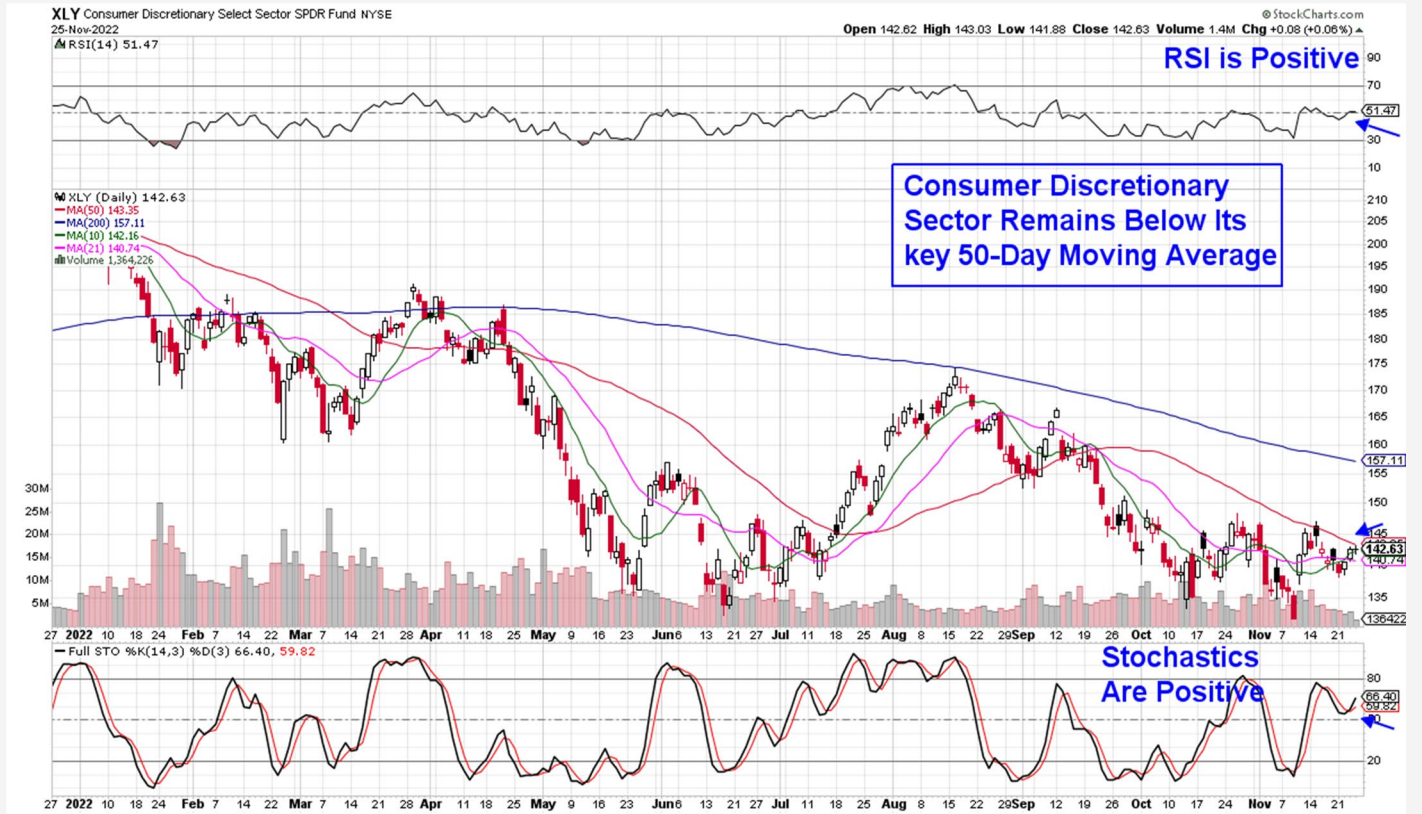
REIT stocks outperformed last week as the group continues to find support at its upward trending 10-day moving average. This group fares well in an environment when interest rates are falling as it provides them with an opportunity to borrow funds in order to expand their portfolios.

Sun Communities (SUI) from our L1st remains in an uptrend as it approaches its 200-day moving average which is the next area of possible resistance. The 2.4%

yielder reported Funds from Operations (FFO) last month that were above estimates with management guiding their growth outlook higher going forward.

We've added REIT stocks that have already broken above their 200-day moving average to our Watch List. This would include Equinix (EQIX) which needs more days above this key mav to confirm a sustainable move to the upside.

Consumer Discretionary Select Sector SPDR Fund (XLY)



Consumer Discretionary Sector Lags Despite Move Into Retail

The Retail group received a boost last week as a strong earnings report from Best Buy (BBY) boosted other stocks in this group. The S&P Retail ETF rallied 2.5% for the week however, it was not enough to push the Discretionary sector above its key 50-day moving average.

Walmart (WMT) remains in a confirmed uptrend as it finds support at its 5-day moving average. The stock may receive a boost next week after it was reported that Walmart beat Amazon in online searches for Black Friday deals. In addition, the company was ranked as a top pick among retailers for Black Friday positioning by a major Wall Street firm.

This week we're adding Home Depot (HD) to our Suggested Holdings List as the stock remains in a

strong uptrend after reporting earnings above estimates earlier this month. The company cited the continuation of renovation projects as one reason for growth with management citing resilient consumers that they anticipate will keep growth strong.

Home Depot (HD) is in a buy zone as the stock finds support at its upward trending 5-day moving average while its positive MACD and RSI have more room for upside. The stock is close to a 3-month base breakout at \$333 as well.

We intend to add additional stocks from this group once we see more positive price action in the sector with a move above its 50-day moving average.

Summary

Last week's relatively weak economic data coupled with remarks from the Federal Reserve that a slowdown in big rate hikes may be on the horizon, helped boost stocks amid a drop in interest rates.

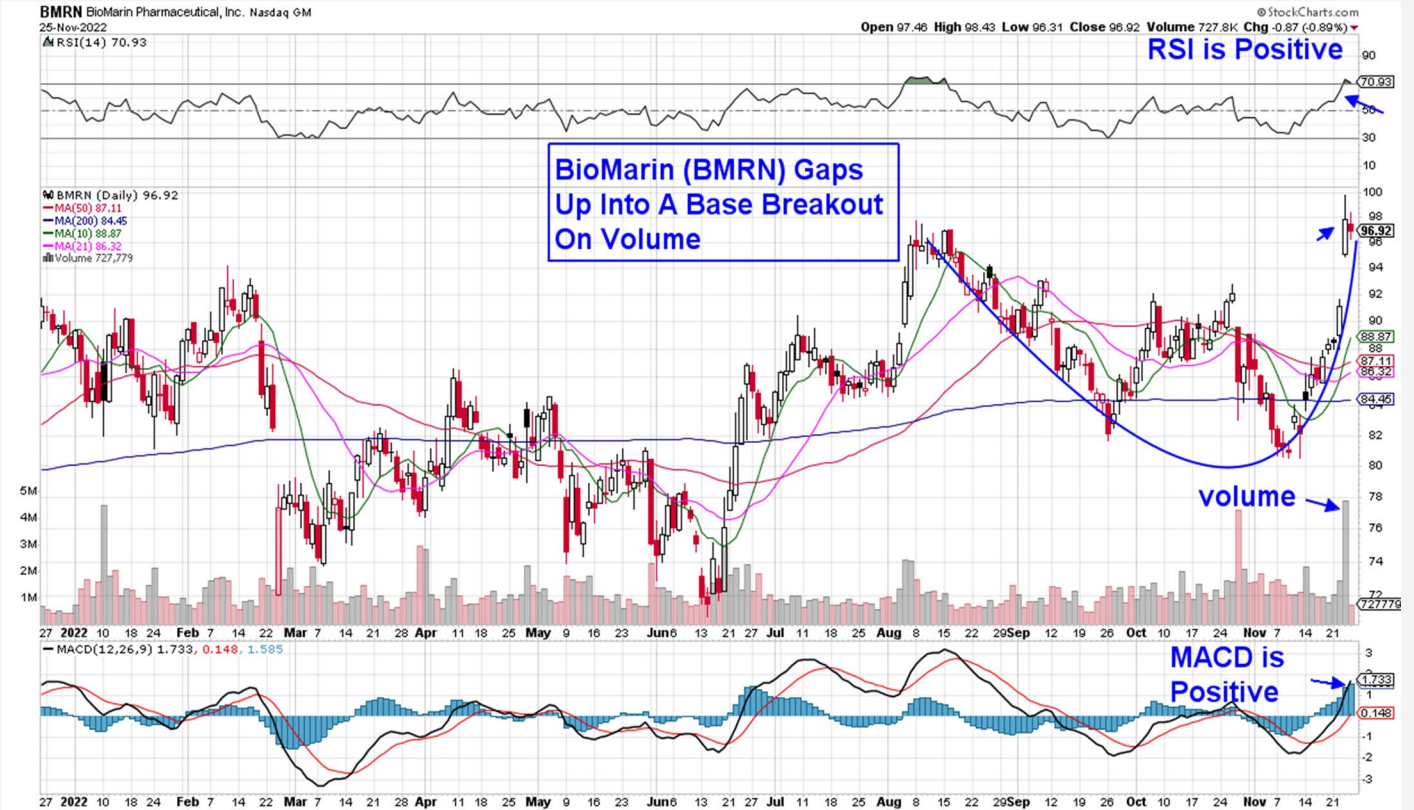
Next week will be difficult however, as highly impactful data is due to be released. First up will be core PCE numbers with economists calling for a 5% increase over last year. This number is more closely watched by the Federal Reserve as it removes volatile food and energy prices to reveal a truer picture of inflation.

Friday's unemployment report for November will also be closely watched as Fed Chair Powell has repeatedly cited the need to lower employment so that wage pressures and hence spending, can be lowered to reduce inflation.

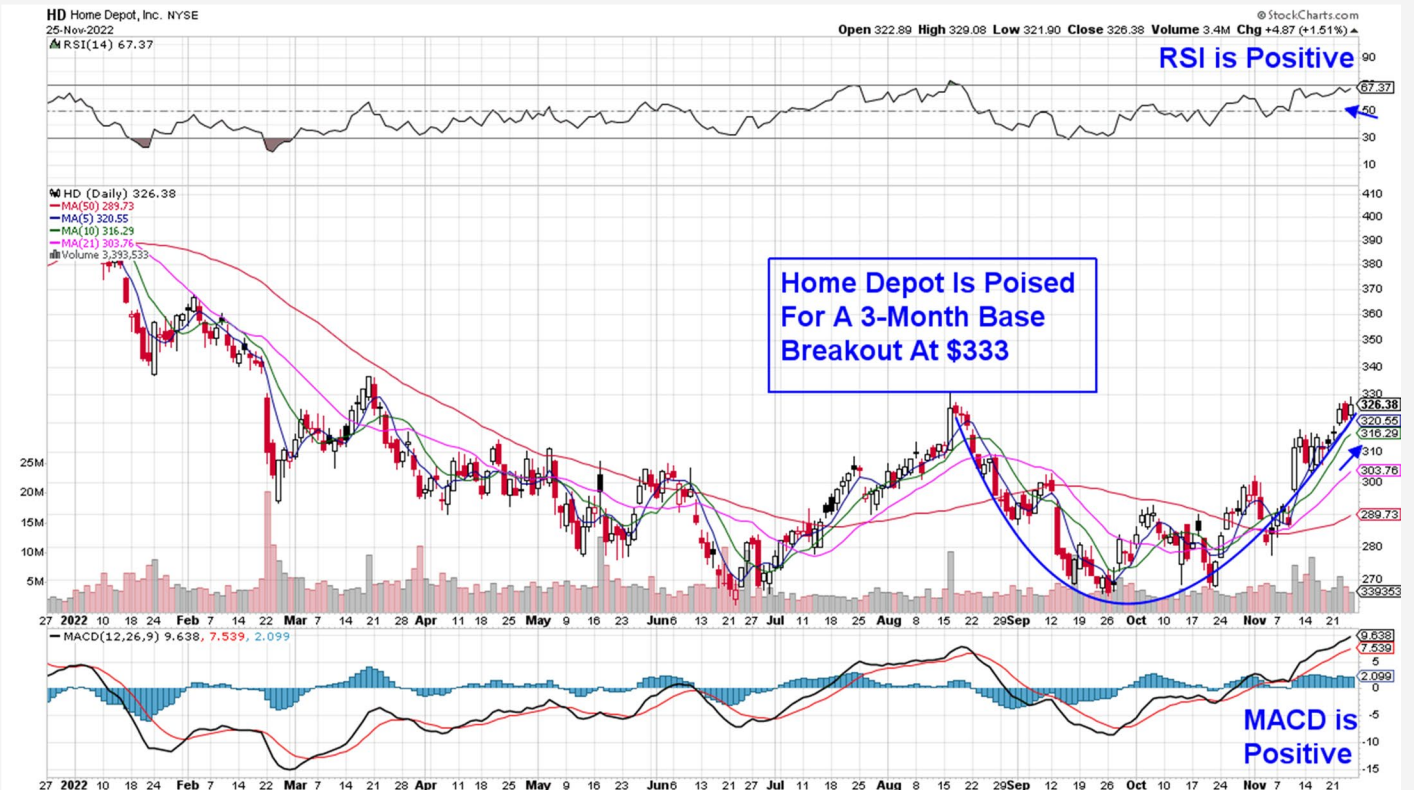
Throughout the week, Federal Reserve officials will be speaking with two Fed Presidents slated for tomorrow and Fed Chair Powell due up on Wednesday while several others will speak as well

Any positive news which pushes the S&P 500 above its 200-day moving average may help change our cautious tone.

Daily Chart of BioMarin Pharmaceutical, Inc. (BMRN)



Daily Chart of Home Depot, Inc. (HD)



MEM Edge Report Suggested Holdings

Stocks With Emerging Leadership Characteristics

\$ = Earnings Due Buy Zone Strong Buy Buy on Pullback Removed From List

SYMB	COMPANY	PRICE	DATE ADDED	PERFORMANCE	EARNINGS DUE DATE	INDUSTRY GROUP
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TECHNOLOGY						
ASML	A S M L Holding	\$576.40	11/13/2022	3.0%	24-Jan	Semiconductors
ENPH	Enphase Energy	\$292.01	10/26/2022	6.0%	14-Feb	Solar
MSFT	Microsoft Corp.	\$247.11	11/13/2022	2.6%	24-Jan	Software
NTAP	Netapp Inc.	\$73.50	11/13/2022	1.0%	29-Nov	Semiconductors
ON	ON Semiconductor	\$75.05	11/10/2022	0.5%	31-Jan	Semiconductors

CONSUMER DISCRETIONARY						
WMT	Walmart Inc.	\$142.58	10/30/2022	7.5%	15-Nov	Retail
HD	Home Depot	\$326.40	11/27/2022	0.0%	11-Feb	Retail

ENERGY						
EOG	EOG Resources	\$147.11	10/23/2022	6.0%	23-Feb	Oil Exploration
HAL	Halliburton	\$38.74	11/6/2022	-4.5%	23-Jan	Energy
SLB	Schlumberger	\$54.82	11/6/2022	6.0%	20-Jan	Oil Exploration
XOM	Exxon Mobil	\$113.95	10/30/2022	2.5%	7-Feb	Oil

REAL ESTATE						
SUI	Sun Communities	\$144.50	11/10/2022	0.0%	20-Feb	Real Estate

HEALTHCARE						
AZN	Astrazeneca PLC	\$65.10	11/20/2022	2.0%	10-Feb	Biopharmaceutical
AMGN	Amgen Inc.	\$285.02	11/4/2022	6.0%	6-Feb	Biopharmaceutical
BMRN	BioMarin	\$0.97	11/27/2022	0.0%	26-Jan	Biopharmaceutical
IBB	iShares Biotech ETF	\$134.25	10/30/2022	3.5%	N/A	Biotechnology
GILD	Gilead Sciences Inc.	\$81.82	10/30/2022	8.0%	7-Feb	Biotechnology
VRTX	Vertex Pharmaceutical	\$303.26	10/30/2022	0.5%	25-Jan	Pharmaceutical

Glossary of Terms Used From Our Suggested Holdings

Buy Zone

This means the stock is in a confirmed uptrend and is finding support at its upward-trending key moving averages and can be bought. If you own the stock, stay with it.

Strong Buy

This means we have slightly more conviction in the ability of this stock to outperform the markets over the next week. The stock may be poised to break out of a base, it may be in a strong industry group or there may be recent good news. In other words, the stock has some edge that should help propel the stock higher.

Buy on Pullback

In this case, the stock is a bit over-bought (or extended) and may need to come in a little before buying. This is usually following a particularly strong week where the stock was up a lot. We would look for a pullback to the stock's upward-trending 10-day moving average as an optimal entry point.

Not Highlighted

These are stocks that remain positive and can be held if you own them. However, they currently do not appear poised to have an upward move. The stock may be consolidating after a large advance or be in an industry group that is not in favor. The longer-term uptrend remains in place however.

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