



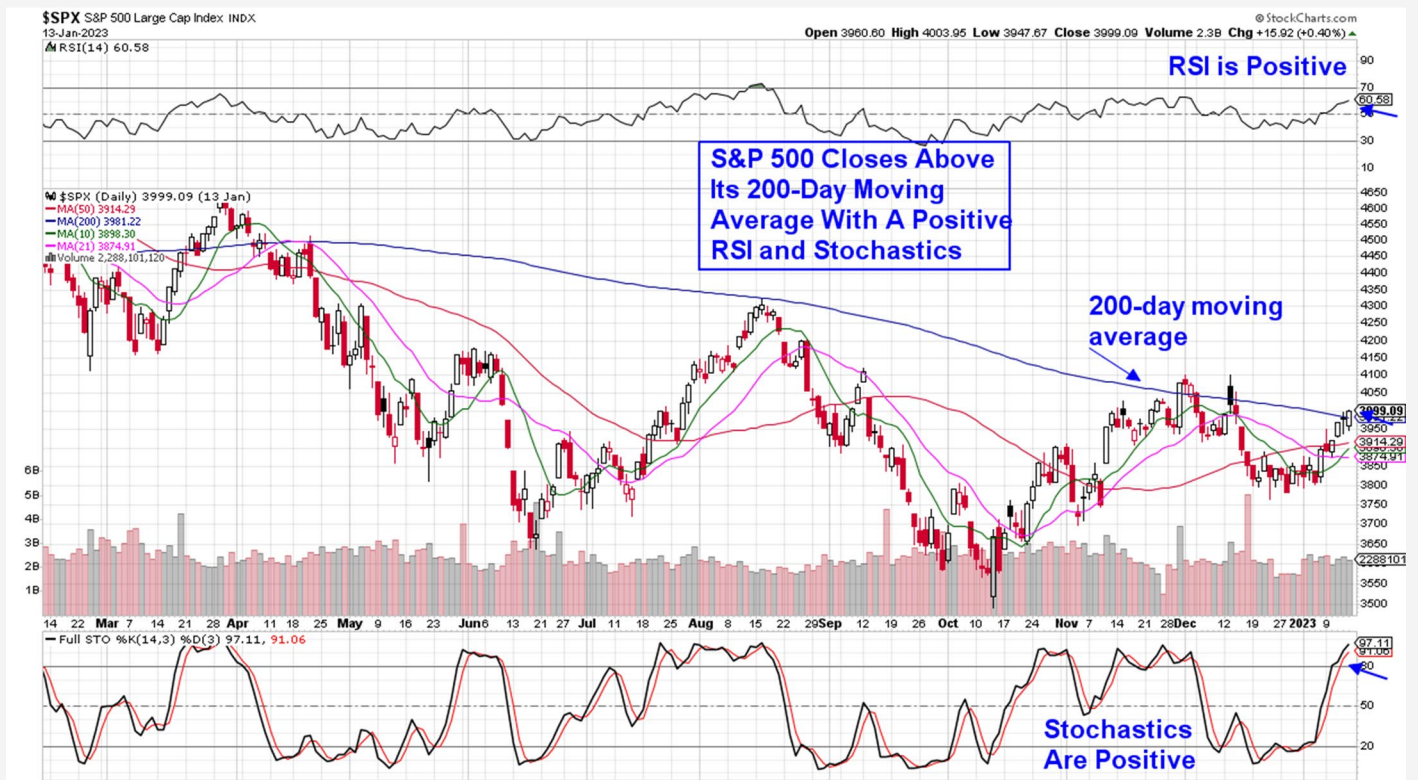
THE MEM EDGE

January 16, 2023 | Weekly Report

This Week's Highlights

- November Consumer Credit Shows Continued Expansion
- December CPI Report Comes In Below Estimates
- January Consumer Confidence Jumps To 9-Month High
- Producer Price Index, Retail Sales & Industrial Production Reports Due This Week

Daily Chart of S&P 500



The S&P 500 closed the week up 2.7% in a move that puts this Index above its key 200-day moving average. With the RSI and Stochastics in positive territory, we remain positive on the near term prospects for the market.

The next area of possible upside resistance is the S&P 500's mid-December high, which is 4101 and 2.5% away. A move above this level coupled with high volume, would be constructive for the chances of a continuation rally.

The Nasdaq fared quite a bit better with a 4.8% gain that was led by outperformance in each of the mega-cap FAANMG stocks. Other Growth areas of the market also outperformed with Retail, Semiconductors and Software stocks posting a 5% or higher rally. (using XRT, SOXX and IGV respectively).

In addition to occurring on above average volume, the gains pushed the Nasdaq above its 21 and 50-day moving averages. The RSI and Stochastics are now in positive territory and the combination puts the Nasdaq in a position to head higher over the near term. The

next area of possible upside resistance is the 200-day moving average which is 4.8% away.

Several factors pushed the markets higher last week with Thursday's Consumer Price Index (CPI) report for December being the most notable. This closely watched inflation metric came in slightly below estimates and the news pushed an already bullishly biased market higher. Going into the report, investors were optimistic that we'd see a weak number.

The next FOMC meeting where the Federal Reserve will announce the latest rate hike, will take place on February 1st - a bit over 2 weeks away.

After seeing a slowdown in the CPI last week as well as reduced wage pressures that were reported earlier this month, Wall Street firm HSBC released a report that they believe February's rate hike will be the last.

This of course would be great news for the markets however, most economists are not as optimistic and consensus estimates are instead calling for a 0.25% increase in rates at both the February and late March meetings. With the Fed Funds rate now at 4.5%, these potential moves would put the rate at 5% while also allowing the Federal Reserve time to assess additional inflation data.

Next week, inflation data will be released regarding the cost of goods for producers with December's PPI numbers due on Wednesday. While relevant, a more impactful report for inflation will be released the following week, with Personal Consumption Expenditure (PCE) data on tap. This is a much more closely watched number for the Federal Reserve as it keys into the cost of goods for consumers.

Interest rates which had already been falling, traded lower after the CPI report. This provided a positive

backdrop for Growth stocks as rising interest rates are a negative as they reduce the future value of earnings.

Above average earnings were another boost for stocks last week as were Wall Street upgrades to well known Growth names such as Amazon (AMZN), Meta Platform (META) and Microsoft (MSFT).

Another big driver was the reopening of China after an extended lockdown due to continued covid outbreaks. This pushed select areas of the market higher such as commodity and travel related areas which saw the largest gains.

Last week, large Bank stocks kicked off earnings season and each of the names that reported, rallied after posting results that were ahead of reduced expectations as high interest rates last quarter improved profits.

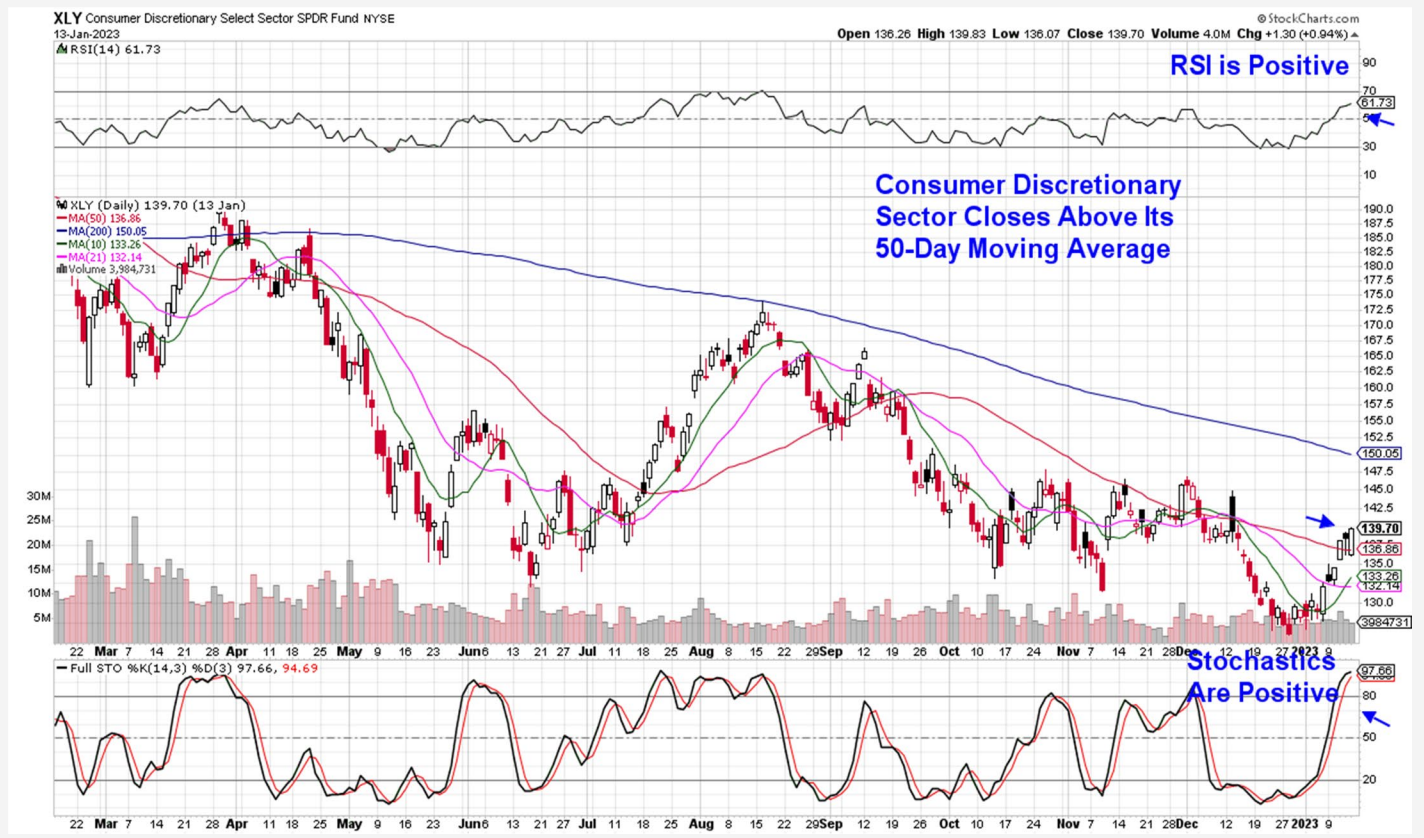
Paying attention to investor's response to corporate earnings is a great way to gauge sentiment as buying in stocks of companies who come in above estimates that have been lowered points to positive sentiment.

Next week, earnings season picks up and should we see similar price action following reports from well known companies such as Netflix (NFLX) who's due to report Thursday, we anticipate a continuation rally. Microsoft (MSFT), Tesla (TSLA) and Apple (AAPL) are due to report the following week.

As you may recall, a bullish response to 2nd quarter earnings sparked the mid-July to mid-August rally and was led by mega-cap stocks, such as Apple (AAPL) and Microsoft (MSFT).

Last week, Defensive areas of the market underperformed again, with the Consumer Staples and Healthcare sectors both down for the week while Utility stocks gained 0.5%.

Consumer Discretionary Select Sector SPDR Fund (XLY)



Consumer Discretionary Sector Is Top Performer

A large gain in heavyweight retailer Amazon (AMZN) and auto manufacturer Tesla (TSLA) helped push this sector back above its 50-day moving average and into a near-term uptrend, as the RSI and Stochastics are also now positive.

Discretionary stocks were the 2nd to last performers last year, with a 37% drop that saw many names in this group fall quite a bit further. Last week's rally pulled many of these relative underperformers higher however, most names in this sector remain in a downtrend as they're trading below key moving averages.

As mentioned in prior reports, shoe manufacturers and retailers have been a bright spot in this sector, as the trend toward comfortable shoes amid a work from home environment has carried into the post pandemic era.

This would include Crocs (CROX) from our List which gained over 13% last week and the stock is now in an oversold position, with the RSI above 70. We'd be a buyer on a pullback to its 5-day moving average in the \$120 range.

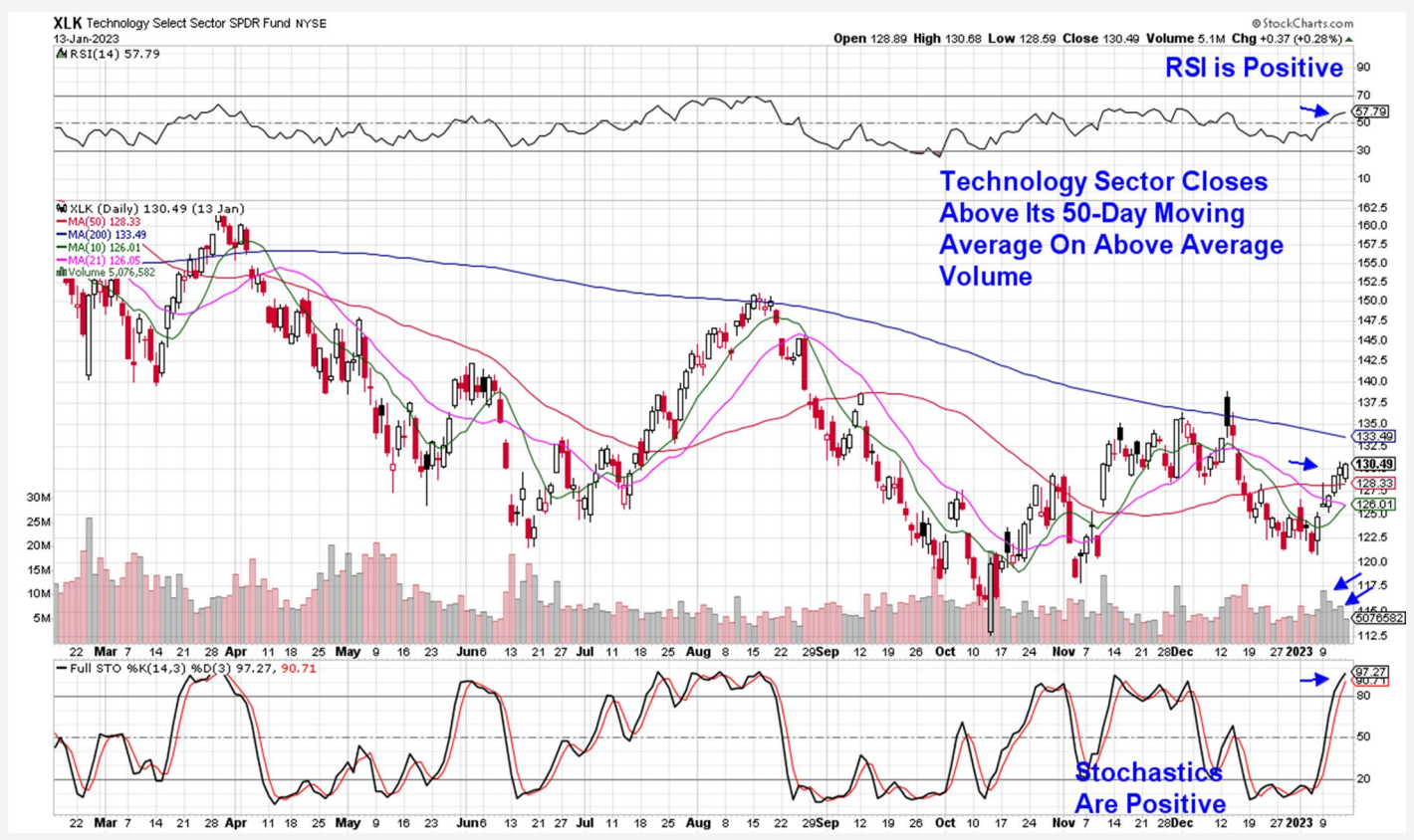
The weekly chart also shows the RSI above 70 however, this was the condition for CROX for over a year beginning in September of 2020. With the MACD still relatively early in its advance on the weekly chart, the longer-term outlook for this stock is also positive. Of course, a reversal in the broader market conditions would override this sentiment.

Athletic footwear has also outperformed as the closure of gyms during covid related lockdowns pushed individuals outdoors. This is another trend that has remained and this week we're adding Decker (DECK) to our Suggested Holdings List.

In addition to producing the comfortable Ugg brand of footwear, DECK has seen tremendous growth in their athletic footwear brand HOKA. The stock recently broke out of a 6-week base and into an uptrend. We'd be a buyer on any pullback to the \$412 range at its 5-day mav.

Home Depot (HD) entered an uptrend last Wednesday following a rally that pushed the stock above its 21-day moving average. With the MACD posting a positive crossover (black line up through the red), HD is in a strong buy zone.

Technology Select Sector SPDR Fund (XLK)



Technology Sector Among Top Performing

As noted in our Midweek Report, Semiconductor stocks turned positive following a continuation rally in the group on positive earnings and sales numbers from AEHR the prior week. The smaller cap equipment manufacturer posted earnings and sales that were well above estimates and the news pushed other semi equipment stocks higher.

Taiwan Semiconductor (TSM) provided more fuel to this group last week after the global leader in chip manufacturing rallied despite reporting mixed quarterly results and guiding estimates lower going into this year. TSM's report that was above low expectations was the one bright spot for the stock.

Among the Semiconductor group, Equipment manufacturers such as AEHR are the strongest as they're not as tied to weak demand issues that are currently in place for Semi chips.

Within this group, A S M L Holding (ASML) is a producer of proprietary Semiconductor equipment and we're adding the stock to our Suggested Holdings List after last week's base breakout amid analyst upgrades. The stock is extended after last week's rally and can be bought in the \$642 range near its 5-day moving average. ASML is due to report their earnings later this month.

This week we're adding Midcap Semiconductor stock Lattice Semi (LSCC) to our Suggested Holdings List. The company designs programmable technology for logic chips that focus on the industrial and automotive industries among other areas.

LSCC moved into an uptrend after closing above its 21-day moving average. This week, the MACD moved above 50 and into positive territory which confirms the new uptrend. The stock is finding support at its upward trending 5-day moving average and is in a buy zone amid analyst upgrades to earnings for this year.

Software stocks also came on strong with a 5% rally that pushed the group above its 50-day moving average. Software was among the hardest hit groups last year amid a rise in interest rates as well as recession fears. The group remains in a downtrend with a majority of names well off their prior highs.

We have several stocks from this group on our Watch List as they're exhibiting more positive technicals and we'll continue to add names while being on alert for a downtrend reversal in the group (using ETF IGV).

Elsewhere in Technology, Alternative Energy Equipment stocks received a boost after Korean solar company Qcells announced plans to build a \$2.5B manufacturing complex in the U. S. for solar panel components. The

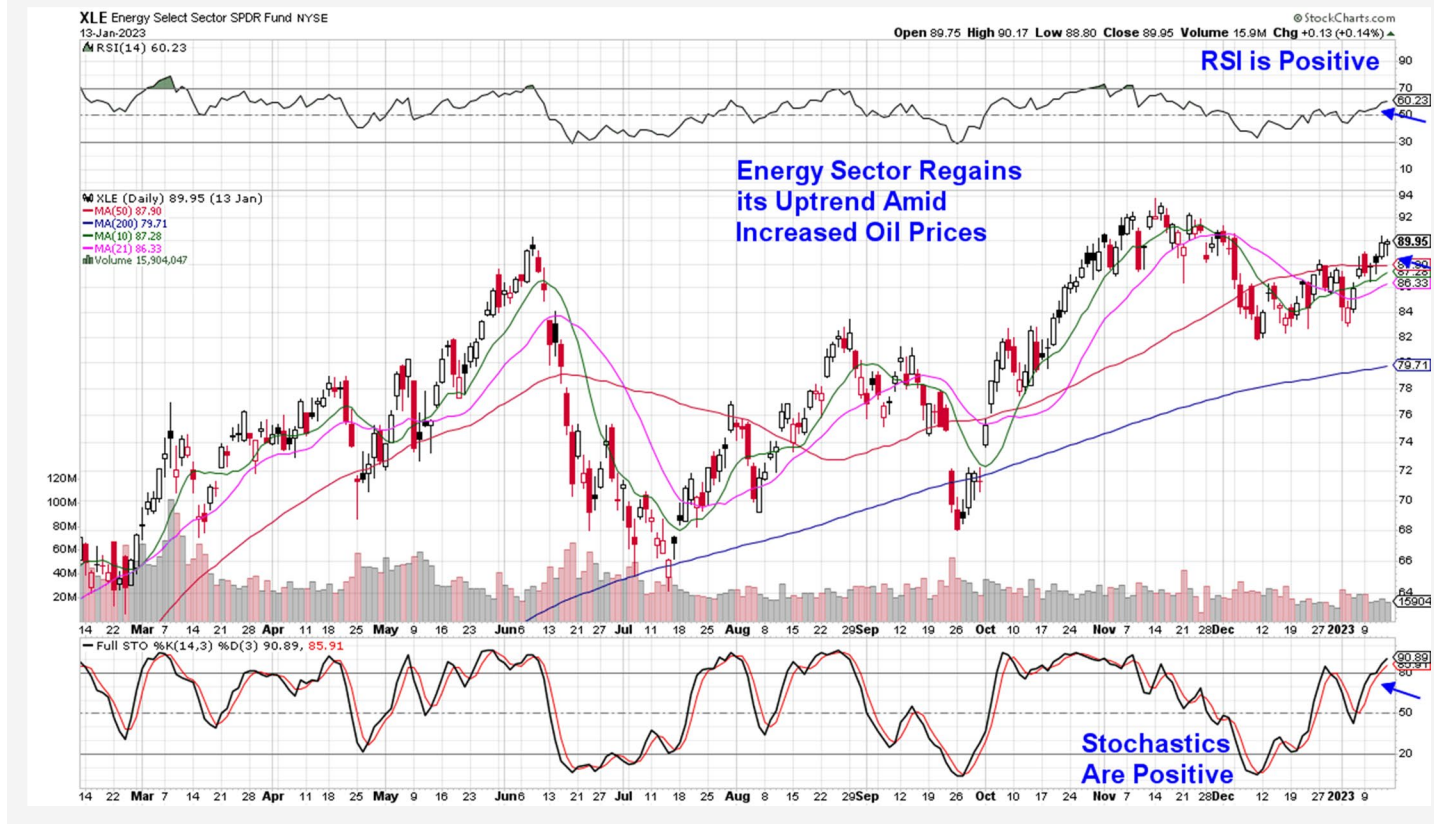
news underscored the demand for clean energy while highlighting the benefits of Biden's recently passed bill.

First Solar (FSLR) posted a sharp gain following the news which in turn, pushed the stock out of a 6-week base on heavy volume. The stock is in a confirmed

uptrend and is being added to our Suggested Holdings List.

On the daily chart, the MACD for FSLR is in a relatively early stage of trending upward which is a positive. We'd be a buyer in the \$172 range at its 5-day moving average.

Energy Select Sector SPDR Fund (XLE)



Energy Sector Regains Uptrend

The Energy group regained its 50-day moving average in a move that puts it back into an uptrend as both the RSI and Stochastics are in positive territory.

Last week's gains occurred amid China's reopening which is expected to push oil demand to a record this year. Other factors expected to drive oil prices higher this year are the current recovery in air travel as well as supply uncertainty in Russia due to upcoming sanctions.

While oil prices posted their largest weekly gain since October of last year, not all oil related stocks outperformed the markets. Oil & Gas Field Services stocks such as those on our Suggested Holdings list, posted the largest gains.

These companies are not as closely tied to the price of oil but rather, on the demand for their services that provide technology or marine services that improve profit margins for oil producers such as Devon Energy (DVN) which has been relatively underperforming.

Tidewater (TDW) from our List provides offshore marine support for both oil and natural gas and it was a top performer with a 9% gain that keeps the stock in a confirmed uptrend as it hugs its 5-day moving average. TDW is in a strong buy zone amid growth prospects for this year being revised higher.

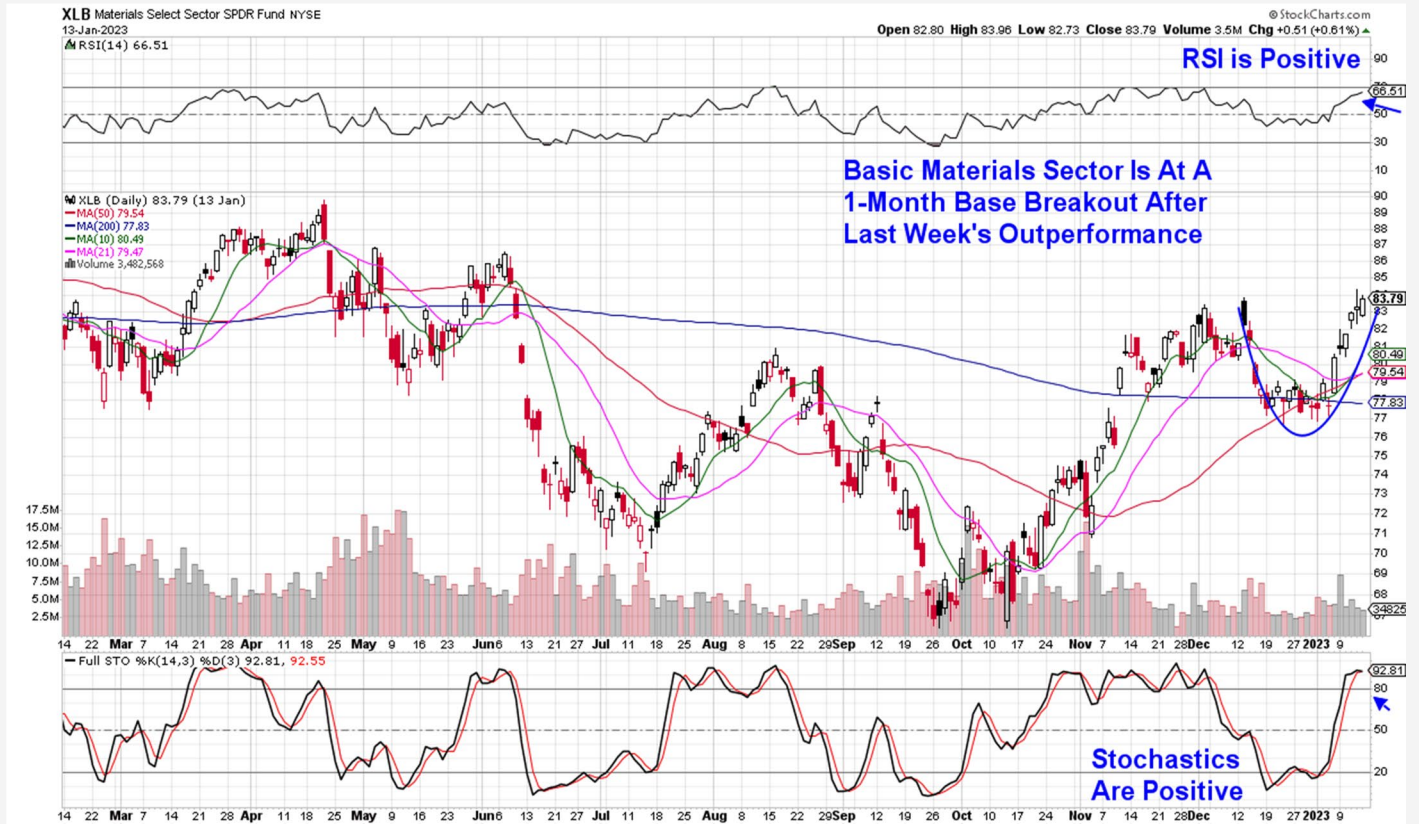
Schlumberger (SLB) and Halliburton (HAL) both outperformed as well, with an average gain of 6.5% for the week. Halliburton is approaching a 6-month base breakout which would be a positive for the stock. HAL is in a buy zone with both its daily and weekly charts looking constructive.

Schlumberger (SLB) from our List is due to report their earnings this Friday amid analyst upgrades going into the report's release. While this is a positive, SLB is extended and due a pullback. Any pullback would put the stock in a stronger position from which to trade higher should earnings exceed estimates.

Tomorrow, (OPEC) will release their oil demand expectations for this year which historically can sway the near-term price of oil. Also, a report on Wednesday from the International Energy Agency (IEA) regarding oil supply and demand dynamics may also impact oil prices.

While we may see oil prices fluctuate amid these upcoming reports, the sector overall is in an uptrend. Next week's earnings report from widely followed Schlumberger (SLB) may provide insight into the potential longevity of this uptrend.

Materials Select Sector SPDR Fund (XLB)



Basic Materials Sector Receives China Boost

As suggested in last week's report, news of an earlier than anticipated reopening of China sparked a rally in many Metal related stocks. This is because the country is the largest importer of metals and they are now in a rebuilding stage after reducing covid restrictions.

Aluminum names were the biggest movers led by Alcoa (AA) which is due to report earnings on Wednesday. The stock is on our Watch List ahead of the report after reversing its downtrend last week.

Rio Tinto Plc (RIO) from our List mines and processes many minerals worldwide with aluminum being among their largest offerings followed by copper. The stock rallied 4.8% amid several Wall Street upgrades last

week. The 8.8% yielder is in a confirmed uptrend and can be bought in the \$76 range.

While the RSI is in an overbought position for RIO, the MACD is trending upward from a relatively low level which points to further upside. A negative MACD crossover such as in mid-December would be the initial signal of a possible pullback.

Steel stocks were also on the move last week following Commercial Metal's (CMC) release of strong earnings and sales last week. While attractive longer term, these stocks are overbought near-term and we're on alert for a pullback as a buying opportunity.

Industrial Select Sector SPDR Fund (XLI)



Industrial Sector Hurt By Mega-Cap Defense Names

Industrial stocks underperformed for the week despite a sharp rally in Airline and Mining related stocks. Hurting this group were sharp drops in defense names such as Northrop Grumman (**NOC**) and Lockheed Martin (**LMT**) which fell amid a downgrade to defense stocks due to U.S. debt problems.

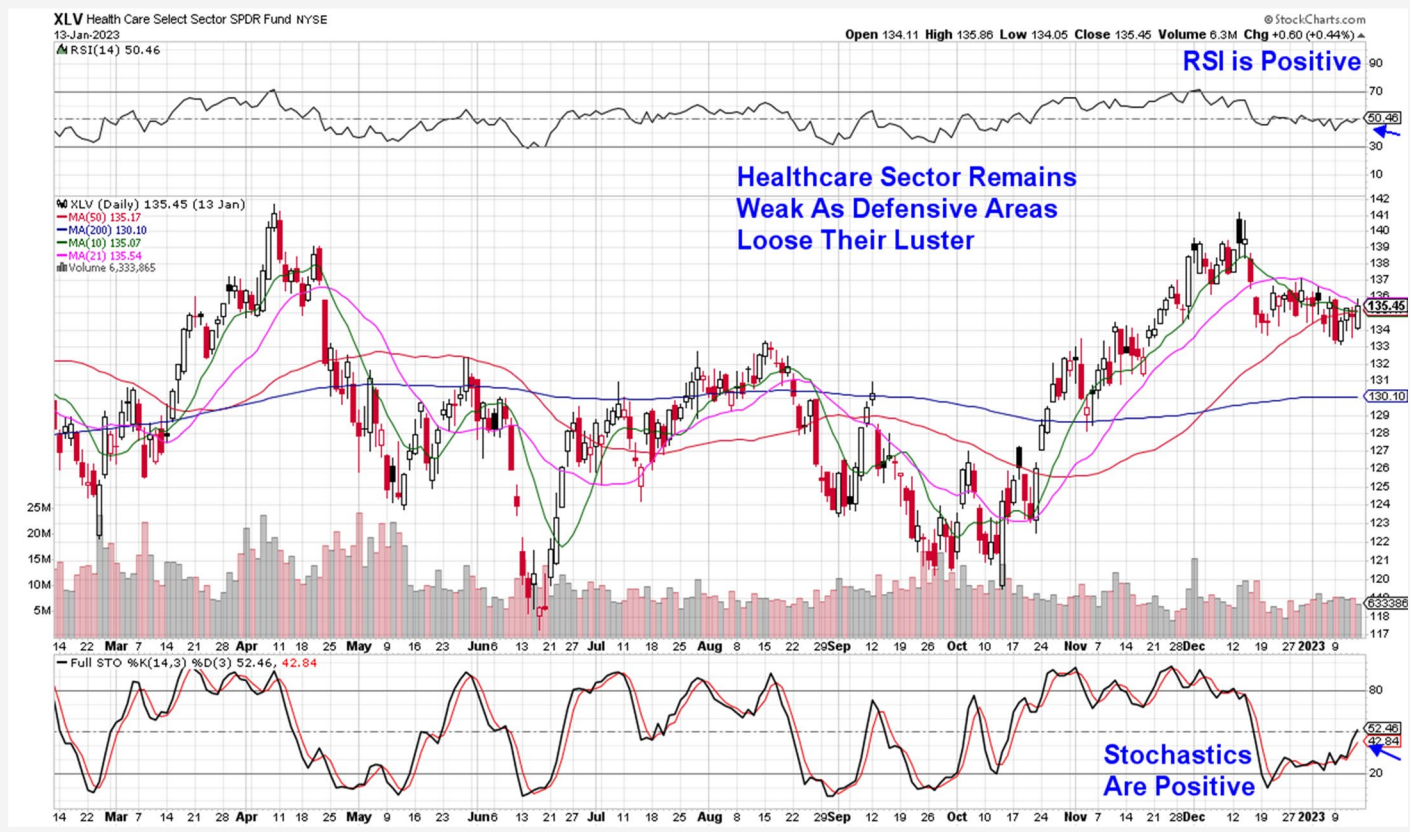
Recently added Transdigm Group (**TDG**) is more focused on the aerospace industry and the company rallied 5.4% into a 5-month base breakout on heavy volume. While the RSI is in an overbought position on the daily chart, the MACD points to further upside. The weekly chart is also constructive and we'd be a buyer of TDG in the \$670 range at its 5-day moving average.

Caterpillar (**CAT**) from our List received analyst upgrades from several major Wall Street firms last week amid the company's ability to raise prices for their mining and construction equipment yet still see growth.

CAT rallied 3.9% last week on above average volume which points to the stock being under accumulation. On its daily chart, the MACD recently experienced a positive crossover (black line up through the red) and is at a low level from which it can move higher.

We'd be a buyer of CAT in the \$252 range at its 5-day moving average.

Health Care Select Sector SPDR Fund (XLV)



Healthcare Sector Remains Weak

The Healthcare sector was down slightly amid continued weakness among Large Cap Pharmaceutical stocks that have stalled over the past several weeks.

Biotech stocks continue to form the right side of a base however, amid merger activity and positive clinical trials among companies in this group. (using ETF IBB) Biotech stock BioMarin Pharma (**BMRN**) from our List would be an example as the stock hit a near-term high after last week's 3.7% gain.

The company recently announced positive results for Phase 3 trials of their blood-clotting protein therapy which utilizes genes that enter a patient's cells. **BMRN's** MACD posted a positive signal last week (black line up through the red) in a move that confirms its current uptrend.

Biotech firm Gilead (**GILD**) underperformed with a 2% pullback to its 50-day moving average that took place on low volume. The stock can be held ahead of the release of their earnings in 3 weeks as the RSI and MACD remain in positive territory. A close below its 50-day moving average would have us reconsidering our position.

U.K based prescription drug developer AstraZeneca (**AZN**) posted a bullish reversal day last Thursday after buyers came in on the stock's dip below its 10 and 21-day moving average so that it closed in the upper portion of its trading range for the day.

On Friday, **AZN** gapped up in price following news that the company's asthma drug was approved in the European Union. The stock is in a buy zone as analysts raise earnings estimates for this 2% yielder.

Summary

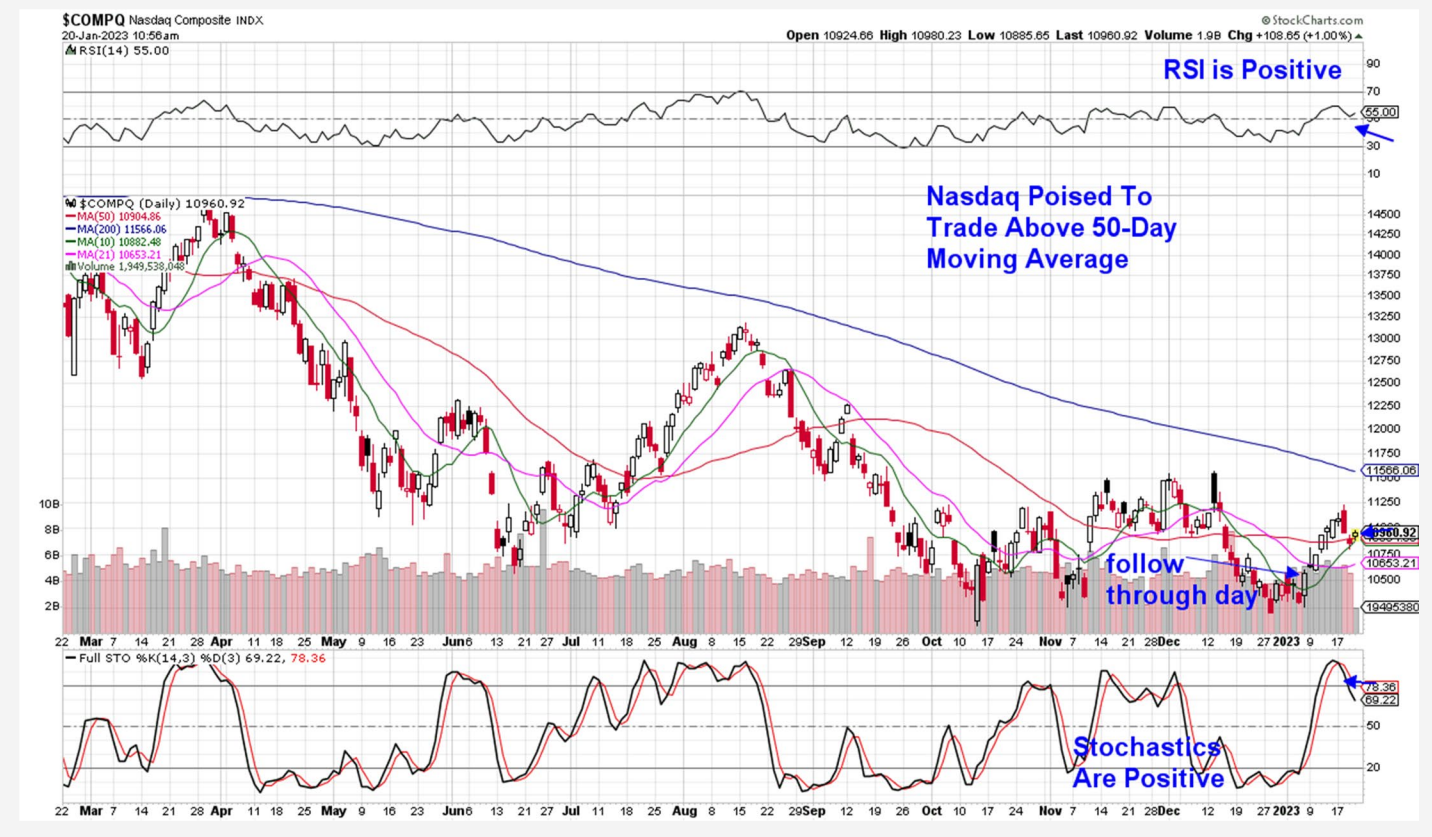
Last week, the markets ended on a strong note with the S&P 500 clearing its 200-day moving average amid earnings reports that were rewarded despite weak guidance going forward. Investors also focused on the possibility of a less aggressive Federal Reserve policy as signs of slowing inflation trickle in.

While inflation data and the Federal Reserve's response will remain central to the market's price action, corporate earnings reports have proven to be equally powerful during this bear market.

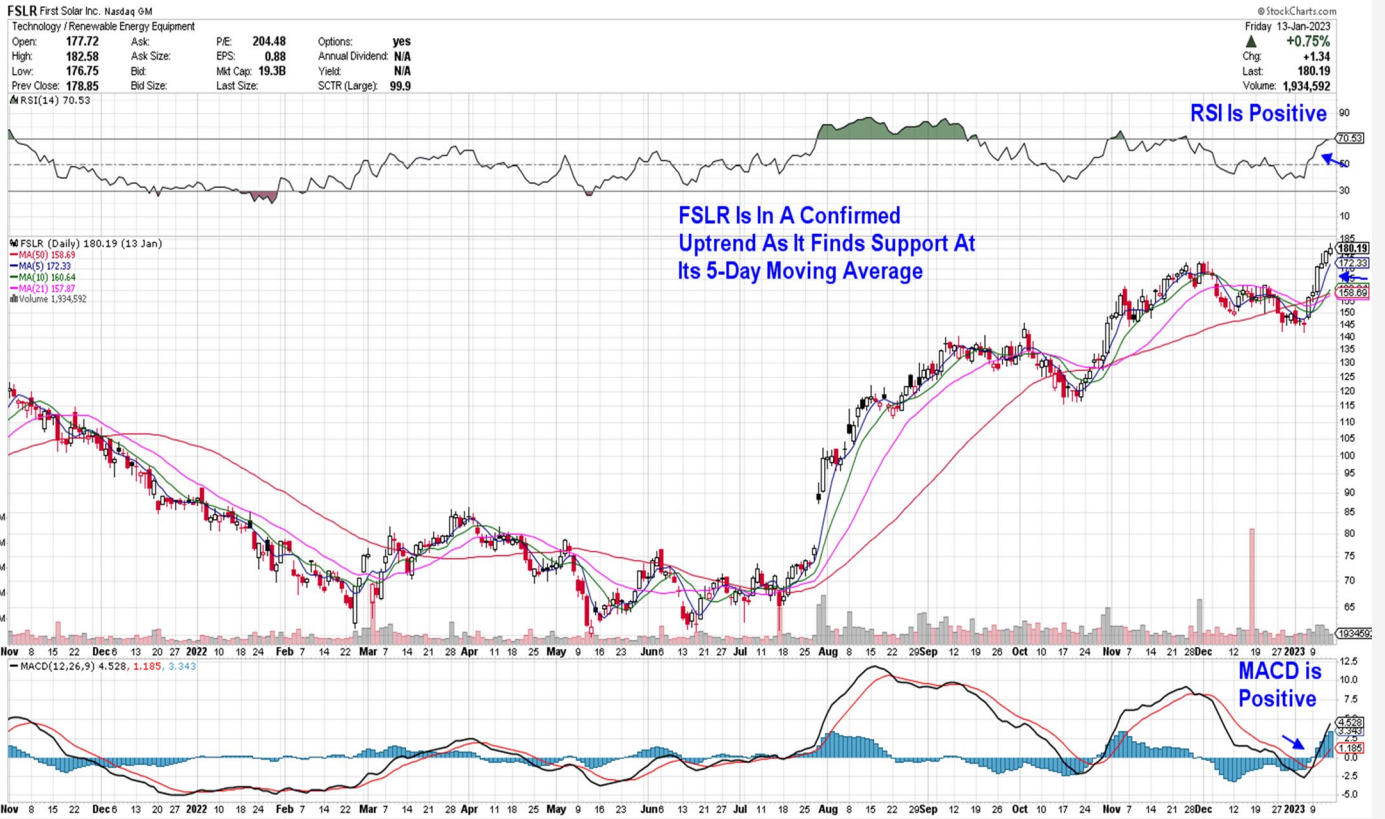
Gilead's (GILD) late October earnings report pushed Biotechs into a 1-month uptrend while Microsoft's (MSFT) late July report boosted mega-cap Growth stocks for a month. Next week, heavyweight names Netflix (NFLX), Costco (COST), Goldman Sachs (GS) and Proctor and Gamble (PG) among others, are due to report results.

We anticipate the China reopening trade to continue to drive the markets as well

Chart of the NASDAQ Composite (\$COMPQ)



Daily Chart of First Solar Inc. (FSLR)



Daily Chart of Lattice Semiconductor Corp. (LSCC)



Daily Chart of ASML Holding NV (ASML)

ASML ASML Holding NV Nasdaq GS

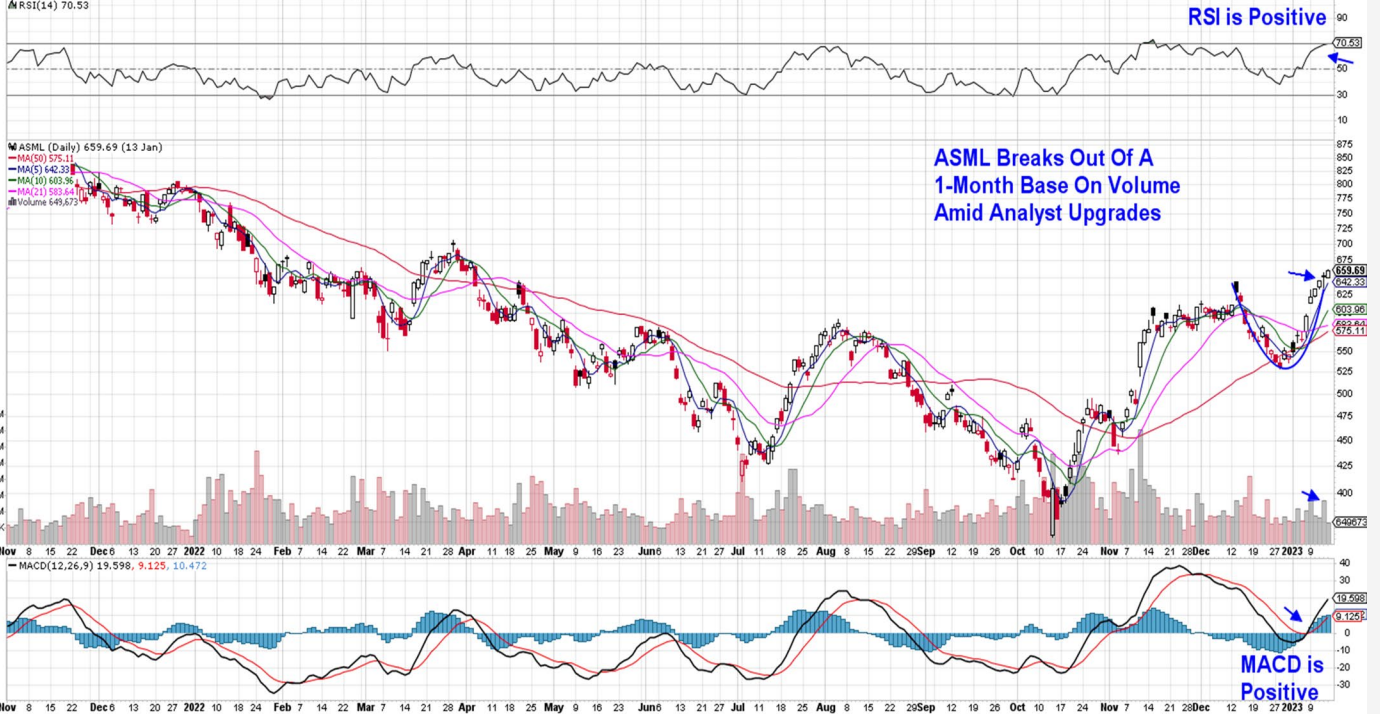
Technology / Semiconductors

Open: 649.33	Ask: P/E: 43.83	Options: yes
High: 660.74	Ask Size: EPS: 15.05	Annual Dividend: 6.63395
Low: 648.73	Bid: Mkt Cap: 263.2B	Yield: 1.01%
Prev Close: 652.56	Bid Size: Last Size: SCTR (Large): 92.4	

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Friday 13-Jan-2023

▲ +1.09%
Chg: +7.13
Last: 659.69
Volume: 649,673



Daily Chart of Deckers Outdoor Corp. (DECK)

DECK Deckers Outdoor Corp. NYSE

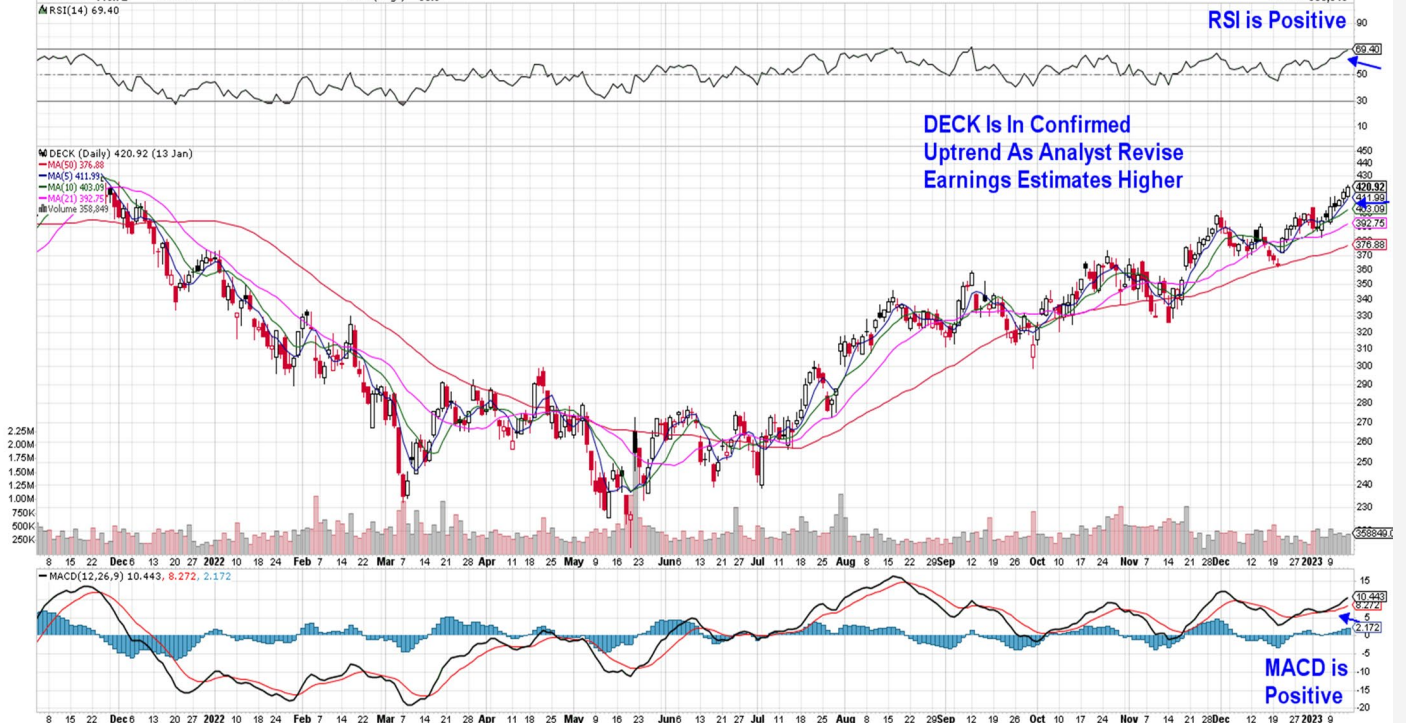
Consumer Discretionary / Footwear

Open: 413.18	Ask: P/E: 25.67	Options: yes
High: 422.68	Ask Size: EPS: 16.40	Annual Dividend: N/A
Low: 413.11	Bid: Mkt Cap: 10.9B	Yield: N/A
Prev Close: 416.72	Bid Size: Last Size: SCTR (Large): 95.6	

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Friday 13-Jan-2023

▲ +1.01%
Chg: +4.20
Last: 420.92
Volume: 358,849



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			
CONSUMER DISCRETIONARY									
CROX	Crocs Inc.	\$125.80	12/4/2022	21.0%	4-Mar	Retail			
DECK	Deckers Outdoor Corp	\$420.00	1/16/2022		2-Feb	Footwear			
HD	Home Depot	\$331.20	11/27/2022	2.5%	11-Feb	Retail			
INDUSTRIALS									
CAT	Caterpillar Inc.	\$358.50	1/8/2023	4.0%	31-Jan	Construction			
TDG	Transdigm Group Inc.	\$683.90	1/8/2023	5.5%	10-Feb	Manufacturing			
BASIC MATERIALS									
RIO	Rio Tinto Plc ADR	\$77.50	1/8/2023	5.0%	14-Mar	Exploration and Mining			
ENERGY									
HAL	Haliburton	\$42.70	1/2/2023	8.0%	24-Jan	Energy			
SLB	Schlumberger	\$58.30	1/2/2023	9.0%	20-Jan	Energy			
TDW	Tidewater	\$39.00	1/2/2023	11.0%	3-Feb	Offshore Energy			
HEALTHCARE									
AZN	Astrazeneca PLC	\$65.10	11/20/2022	0.0%	10-Feb	Biopharmaceuticals			
BMRN	BioMarin	\$112.70	11/27/2022	18.0%	26-Jan	Biopharmaceuticals			
GILD	Gilead Sciences Inc.	\$86.30	10/30/2022	8.5%	7-Feb	Pharmaceuticals			
TECHNOLOGY									
ASML	A S M L Holding	\$659.70	1/16/2023	0.0%	25-Jan	Semiconductors			
FSLR	First Solar Inc.	\$180.20	1/16/2023		7-Mar	Solar			
LSCC	Lattice Semiconductor	\$72.60	1/16/2023	0.5%	15-Feb	Semiconductors			

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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