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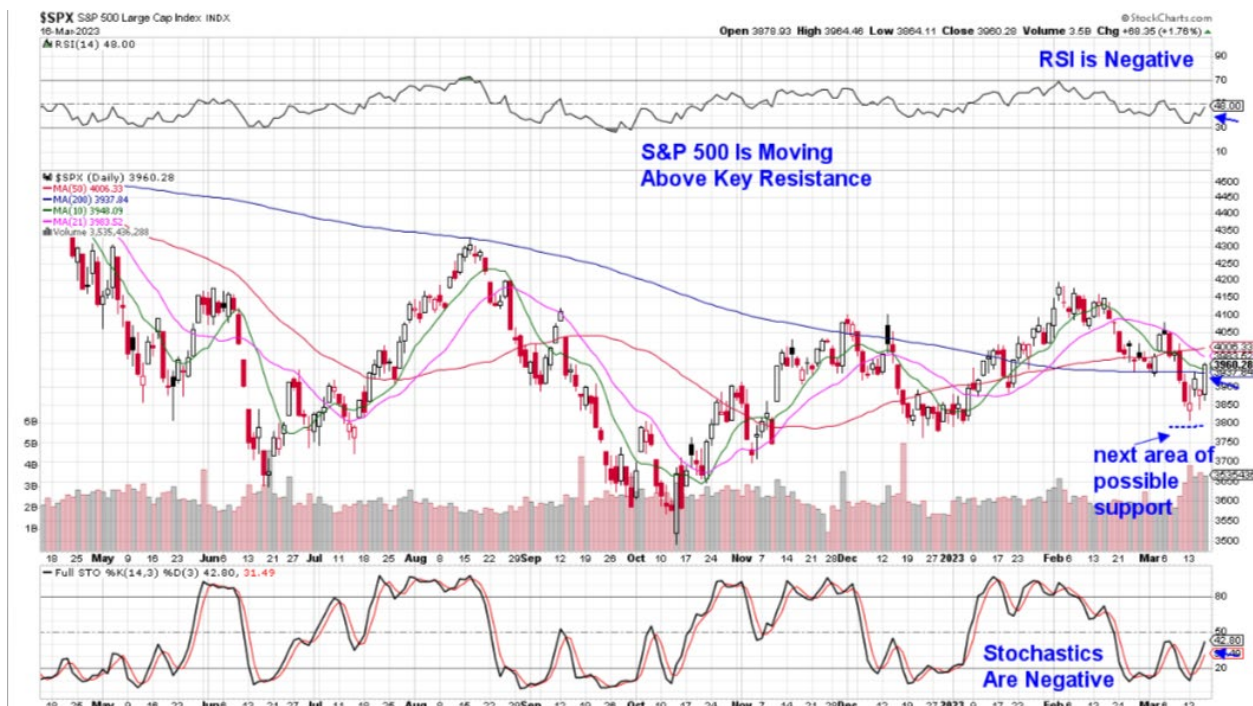
Midweek Report

Thursday March 16th, 2023

- First Republic Bank Is Rescued By Major Bank Deposits
- Nasdaq Enters Uptrend - Low Volume Means No Follow Through Day
- Semiconductor and Software Stocks Regain Their Uptrend
- Adding Fortinet (FTNT) and Microsoft (MSFT)

The S&P 500 gained 1.8% today and while the move pushed this Index back above its 200 and 10-day moving average, it remains below its key 50-day moving average. In addition, the RSI and Stochastics are in negative territory. This keeps the near-term downtrend in place.

CHART OF SPX





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The Nasdaq fared better with a 2.5% rally today that pushed this Index above its 21-day moving average which was the last area of possible upside resistance. In addition, the RSI and Stochastics are now in positive territory which puts this Index into an uptrend.

Today's gains were on below average volume however, so that a follow-through day (FTD) that we were on the lookout for did not take place.

As you may recall, a FTD marks a bottom in the markets and is signaled by a rally of 1.25% or more on volume higher than the prior day. Also, it must occur from the 4th day and beyond a near-term low in the given Index.

CHART OF NASDAQ





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Today's gains in the market took place after the largest U.S. banks joined together and rescued First Republic (RFC) with \$20 billion in deposits in an effort to restore calm amid the banking industry.

The bailout served to calm the markets as bond yields jumped and money flowed into stocks.

The strongest areas in today's rally were Growth stocks with the mega-cap FAANMG stocks that we highlighted yesterday continuing to outpace the markets. Software and Semiconductor stocks also outperformed with gains that put both of these groups back into an uptrend.

While the Nasdaq has entered an uptrend, risks remain in the markets with volatility remaining elevated and breadth outside of Tech remaining quite weak. With this backdrop, we would add to positions slowly.

Semiconductor stocks Nvidia (**NVDA**), Lattice Semi (**LSCC**) and Broadcom (**AVGO**) from our Suggested Holdings List remain in buy zones after closing above their 10-day moving averages yesterday.

LSCC can be bought on a pullback to the \$90 area at its 5-day moving average while **AVGO** can be bought in the \$628 area at its 10-day moving average. **NVDA** is extended after today's 5% rally and while it may trade higher into tomorrow, we'd be a buyer on a pullback into the \$240 range.



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Cadence Design (**CDNS**) from our List can be bought in the \$203 range which is its 1-month base breakout level. Today we're adding Software stock Fortinet (**FTNT**) back to our Suggested Holdings List after its move back above its shorter term moving averages and into a buy zone.

We've also added Microsoft (**MSFT**) to our List after today's 1-month base breakout on heavy volume. The MACD has experienced a positive crossover on MSFT's daily chart as well.

Wingstop (**WING**) from our List can be bought on any pullback to the \$172 range at its key moving averages.

We anticipate adding additional stocks over the weekend when we will also review the market's current stance that only a 0.25% rate hike will take place at next Wednesday's FOMC meeting.

Tomorrow, we can look for a possible follow-through day on the Nasdaq or the S&P 500 as volume is expected to be high given that it'll be a quadruple-witching day.

Warmly,
Mary Ellen McGonagle
Editor, MEM Edge Report