



THE MEM EDGE

Midweek Report

Wednesday, March 29, 2023

- S&P 500 Posts Follow Through Day While Nasdaq Enters Bull Phase
- Consumer Confidence Increases In March
- Pending Home Sales Rise For Third Month In A Row
- Revised GDP Data Released Tomorrow As Well As 3 Fed Presidents Remarks
- Core PCE Data And 3 Federal Reserve Officials Speak

The S&P 500 is in a confirmed uptrend after posting a follow-through day today while also closing above its 50-day moving average. In addition, the RSI and Stochastics are both in positive territory.

As you may recall, a follow through day is an occurrence coined by Bill O'Neil where a 1.2%+ rally on volume higher than the prior day and more than 4 days out from a near term bottom, signals a new market bottom for the markets.

The new uptrend has lowered our cautiousness so that additional money can be put to work in select areas such those mentioned below.

With the S&P 500 now in a confirmed uptrend, we'll be watching the price action as this Index closes in on the 4100 level which is widely viewed as a key area of possible upside resistance.



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Today's rally in the S&P 500 was broad based with beaten down Real Estate and Financial stocks joining Technology in outperforming this Index. Industrial stocks also shone. For the week however, Energy stocks have seen the largest gains on the heels of an uptick in Oil prices.

CHART OF SPX



The Nasdaq - which has already been in an uptrend - gapped up in price today led by a rally in Semiconductors as well as beaten down Software stocks that are currently trading well below their peaks from November 2021.

A rally in Biotech stocks also helped this Index with the group now in an uptrend after closing above its 200-day moving average on heavy volume. (using ETF IBB)



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Among the 11 sectors in the S&P 500, Technology (XLK), Communication Services (XLC) as well as Consumer Staples (XLP) are the only ones in an uptrend with Tech being the clear leader as it has advanced further above key moving averages.

Among the Technology stocks on our List, Semi stock Lattice Semi (**LSCC**). As mentioned on Sunday, **LSCC** was trending sideways of late however, a rally today on increased volume has put the stock into an uptrend as it closed above its 10-day moving average.

While **LSCC** is in a buy zone, a bullish MACD crossover would provide more confidence. (black line up through the red on a daily chart).

AEHR Test Systems (**AEHR**) is in a strong buy zone after recovering from an early week pullback to close today just above its 5-day moving average with its RSI and MACD in positive territory.

Broadcom (**AVGO**) showed disappointing price action as it did not participate in today's rally in Semiconductor stocks. A close above \$630 -its 10-day moving average - on volume would put the stock into a buy zone.

Nvidia (**NVDA**) remains in a confirmed uptrend above each of its moving averages and its longer term monthly chart is now in a very attractive position as the MACD has posted a bullish crossover which signals further upside over the long term. (see chart below)



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Near term, **NVDA** appears due a pause given its oversold condition with the RSI in overbought territory on its daily chart.

Software stocks have outperformed this week with names such as Fortinet (**FTNT**) remaining in a confirmed uptrend as it finds support at its 5-day moving average. Of note is that the MACD on the daily chart has posted a bullish crossover this week which signals further upside. We'd be a buyer in the \$64 range at its 5-day moving average.

Mega-Cap names such as Microsoft (**MSFT**) and Apple (**AAPL**) are flat for the week however, both stocks are in a strong buy zone after recovering from a pullback earlier in the week to close above their 5-day mavs.

Today we're adding Software stock Shift4 Payments (**FOUR**) to our Suggested Holdings List as the payment processing company is seeing its already strong earnings estimates raised higher for both this year and next.

In addition, the stock gapped up on volume today on its way to a possible 3-week base breakout at \$73. **FOUR** is in a buy zone.

Retail stocks were given a boost this week from Amazon (AMZN) and Tesla (TSLA) which have both outperformed. Strong earnings from athleisure wear company Lululemon (LULU) also helped this group after other names rallied as well.

Recently added Walmart (**WMT**) continues to advance toward a possible \$148 base breakout as rally days are on higher volume with its momentum in positive territory. WMT is in a buy zone.



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Wingstop (**WING**) is struggling this week with today's high volume decline pushing the RSI lower. Look for a close back above its 10-day moving average before adding to any position in **WING**.

Today, we're adding Aerospace & Defense stock TransDigm Group (**TDG**) back to our Suggested Holdings List after its advance this week has pushed the stock back above each of its moving averages on above average volume.

In addition, the RSI has reentered positive territory. We would begin any new position lightly and add to that position as the MACD posted a bullish crossover while entering positive territory on the daily chart.

While the broader markets are in a constructive position, Core PCE data for February will be released on Friday. This personal consumption expenditures number is very closely watched by the Federal Reserve and a number above the 4.7% increase that's expected may dampen the current uptrend.

Warmly,
Mary Ellen McGonagle
Editor, MEM Edge Report



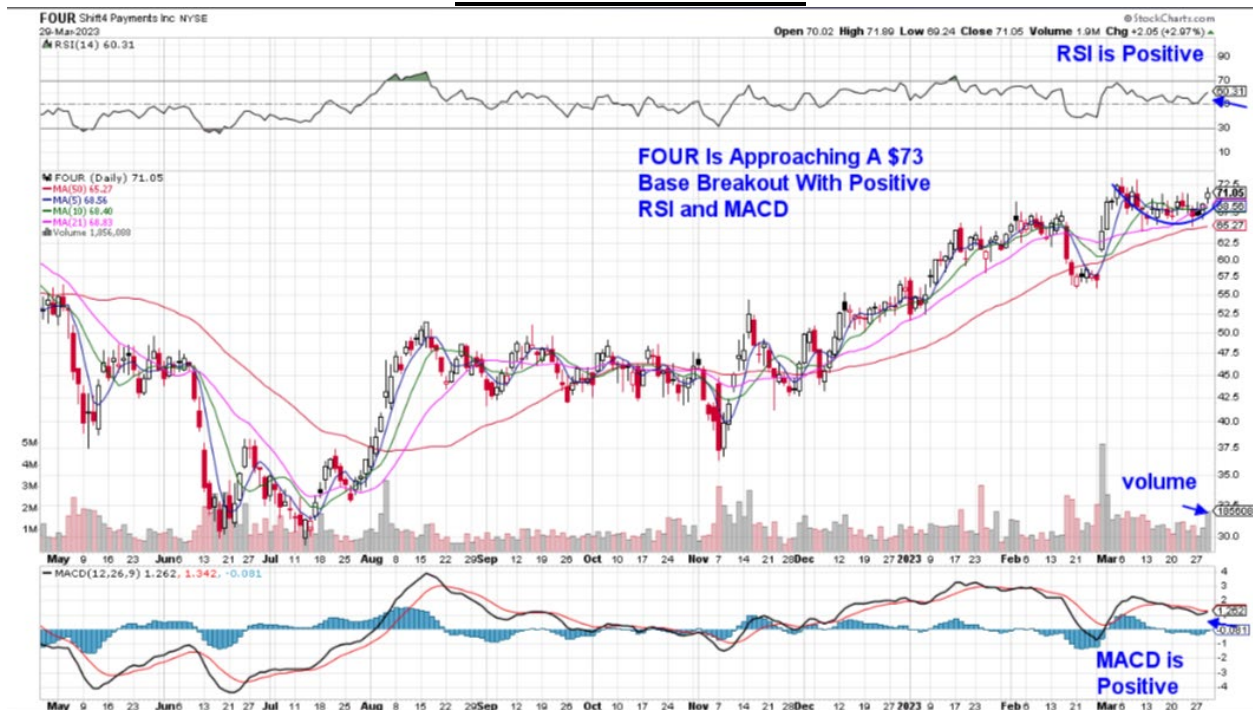
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CHART OF TDG



CHART OF FOUR





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MONTHLY CHART OF NVDA

