



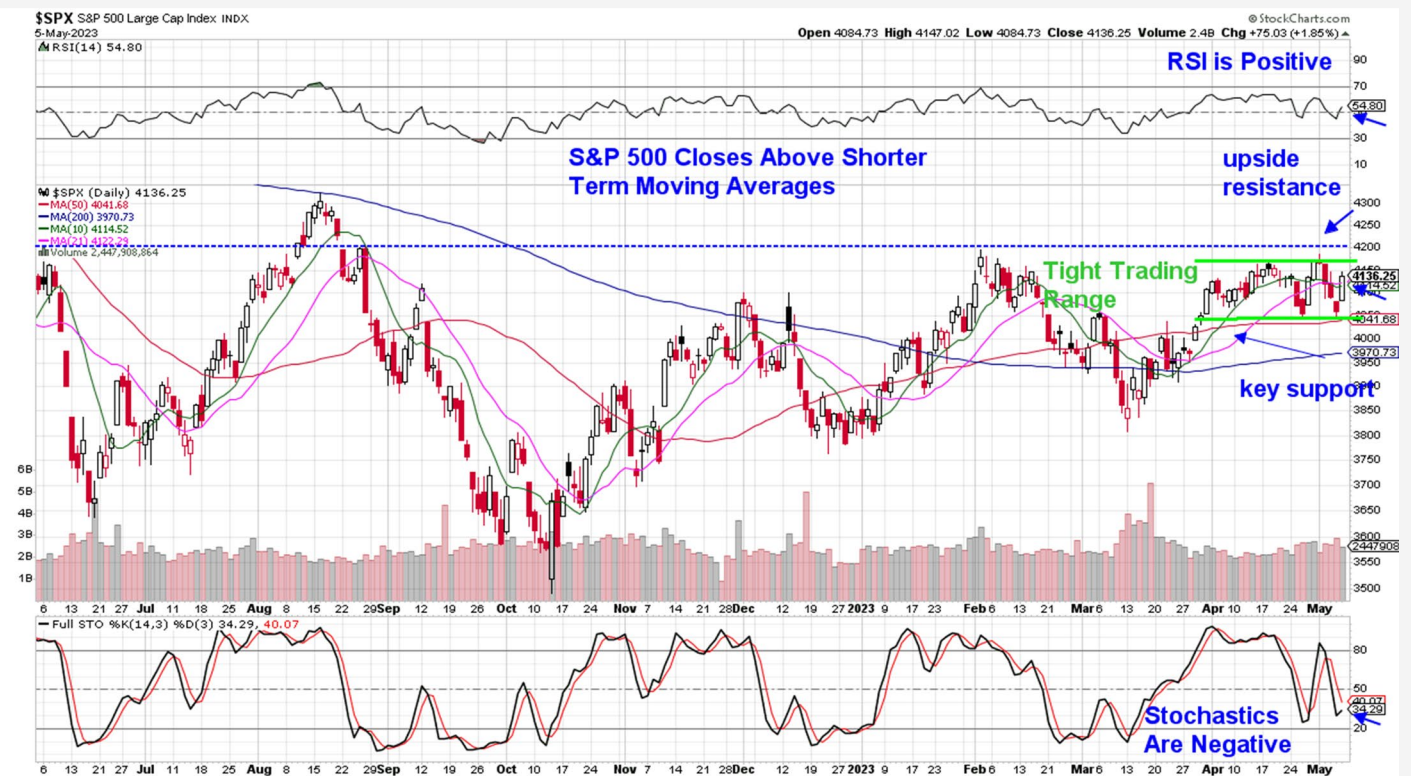
THE MEM EDGE

May 7, 2023 | Weekly Report

This Week's Highlights

- Federal Reserve Raises Rates By ¼% And Softens Language Regarding Possible Future Hikes
- U.S. Job Openings Fall To 2 Year Low
- Private Sector Employment Jumps To 9 Month High
- Service Sector Grows While Manufacturing Activity Remains Flat
- April Jobs Report Shows Strong Increase While Wages Rise Sharply
- Core Consumer Price Index (CPI) On Wednesday, Core Producer Price Index (PPI) On Thursday

Daily Chart of S&P 500



The S&P 500 lost 0.8% for the week with a late week rally that had this Index closing back above its 10 and 21-day moving averages with the RSI now in positive territory.

Overall this is positive price action however, we expect choppiness to remain over the near term as the uncertainty that's kept the markets in a tight trading range over the past six weeks continues to plague investors.

The S&P 500 remains below a key level of upside resistance at the 4200 level which is 1.5% away. A sustained move above 4200 would be constructive and would signal further near term upside. Should we experience a pullback in the markets, the 50-day moving average is the first area of possible support which is 2.3% away.

The Nasdaq was flat for the week and the relative outperformance occurred amid a rally in select Growth stocks that reported strong quarterly results. Gains in

Tesla (**TSLA**), Apple (**AAPL**) and Microsoft (**MSFT**), as well as Biotechs, also boosted this index.

The Nasdaq closed the week above each of its moving averages with a positive RSI and Stochastics, which puts it in a position to trade higher.

The markets began last week with a pullback as investors focused on the collapse of First Republic which was the largest U.S. bank to fail since 2008. Concerns regarding the latest Fed policy meeting also pushed stock lower.

After raising rates by the expected ¼% on Wednesday, Fed Chair Powell announced a pause to any further rates with wording that pointed to a less aggressive stance as they review economic data going forward.

Stocks regained their momentum after Apple (**AAPL**) - the largest company by market cap - reported first quarter results that were above estimates after the market's close on Thursday. An upbeat jobs report on Friday also boosted stocks as investors viewed the news as a sign that a possible recession was not imminent.

Currently, the markets remain in an unsteady position as strong corporate earnings are being offset by uncertainty surrounding the U.S. banking system while economic data continues to be mixed. Recession fears remain as well, as a tightening of capital due to reduced lending among banks is anticipated to reduce growth going forward.

During the past 2 weeks, pullbacks in the market have been reversed by late week rallies due to strong mega-cap earnings reports.

This possibility is now behind us as each of the mega-cap FAANMG stocks have now reported their first quarter results. With 85% of the S&P 500 companies now having reported, pullback recoveries will be more difficult without the boost from strong earnings reports.

Defensive areas of the market outperformed with the Utilities, Healthcare and Staples sectors mostly flat for the week. The worst performing area was Energy with oil related stocks down 5.7% due to a selloff in the price of crude that's been driven by a gloomy economic outlook.

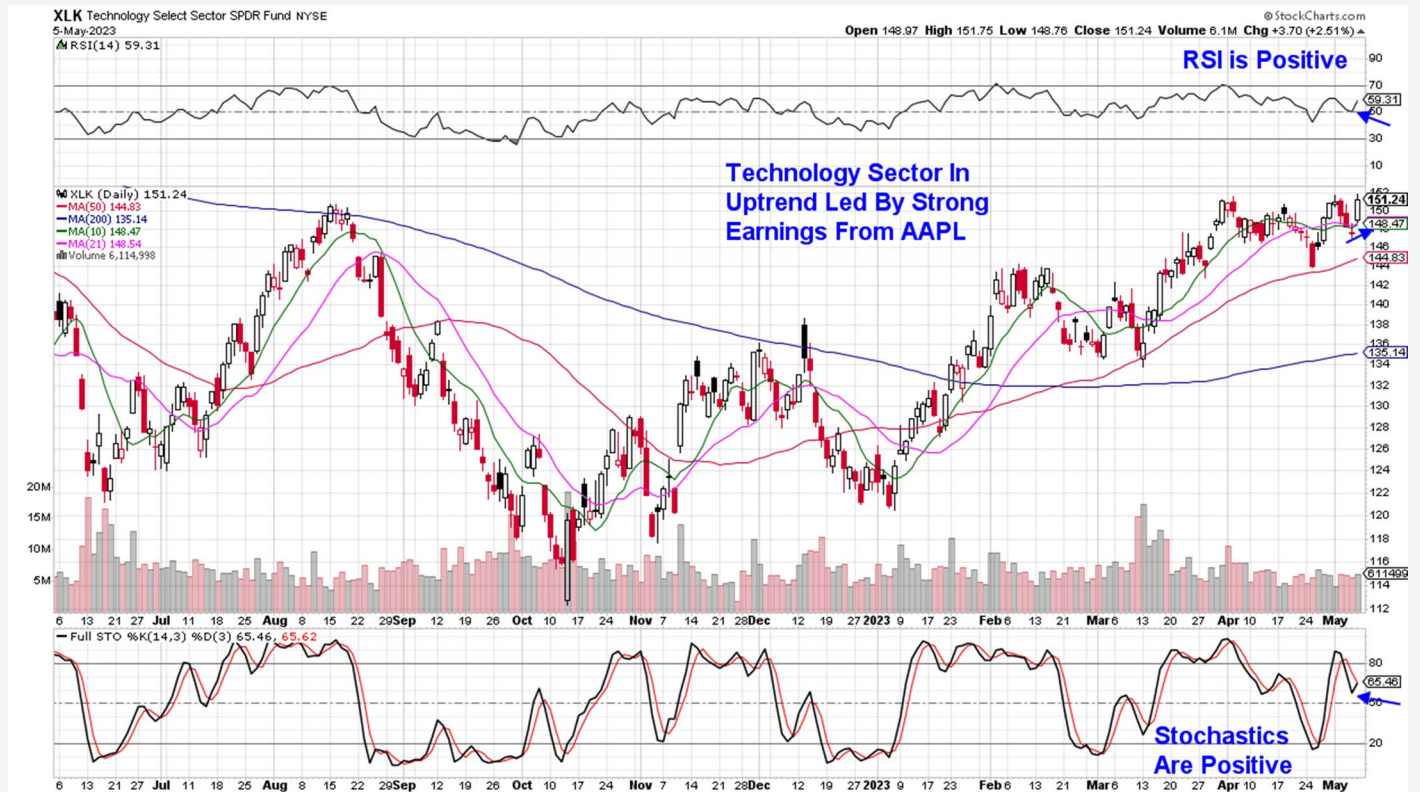
At this time we'll continue to focus on recession resilient stocks with a growth component such as Healthcare and lower priced Retailers as well as select pure growth names benefitting from an AI affiliation.

Next week, key inflation data will be released with core CPI and PPI due on Thursday and Friday. Despite the announced pause in interest rate hikes, these reports will remain highly impactful as continued high inflation will rule out any chance of an interest rate reduction which is anticipated in September of this year.

As cited earlier, the trading range we're currently experiencing will remain in place until investors receive clarity regarding the economy, inflation and interest rates.



Technology Select Sector SPDR Fund (XLK)



Technology Sector Is The Top Performing

The Tech sector received a boost from its 2 heaviest weighted stocks which rallied after positive news. Apple (AAPL) gained 2.3% for the week after reporting a surge in iPhone sales that was powered by emerging markets such as India.

AAPL gapped up on heavy volume in response, in a move that puts the stock a hair away from a 9-month base breakout. The weekly chart points to further upside longer term with the MACD advancing higher from a relatively low position. AAPL can be bought on a pullback to the \$169 range which is its 10-day moving average.

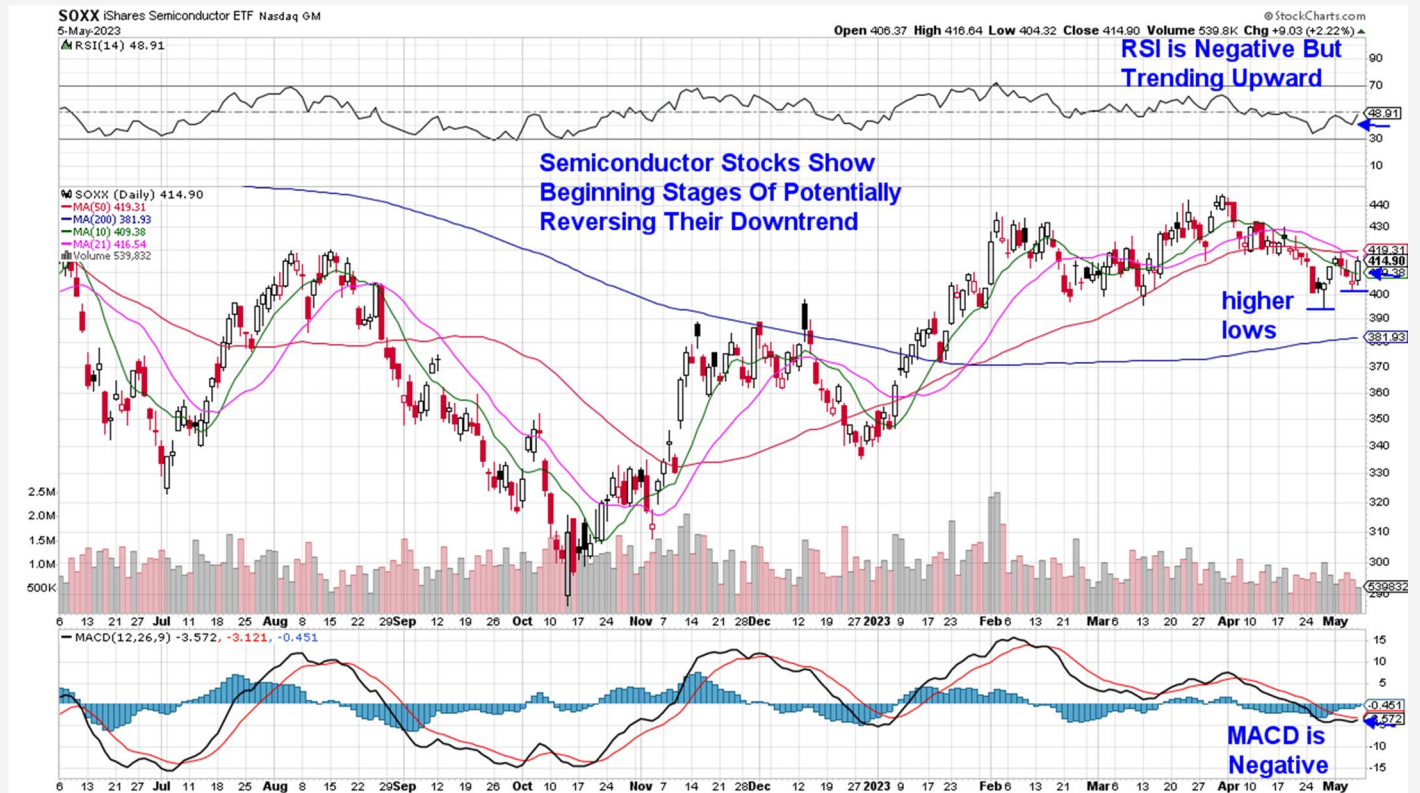
As anticipated in last week's report, Microsoft (MSFT) trended sideways for most of the week as it digested

the prior week's sharp rally in response to strong earnings and sales.

MSFT posted a gain on Friday however, following news of the company's alliance with Advanced Micro (AMD) to help them provide an alternative to Nvidia's AI-capable chips. MSFT can be bought on a pullback to the \$307 range at its 5-day moving average.

Semiconductor stocks rallied last week in a move that advances the group's potential to reverse its downtrend. A move above its 21 and 50-day moving averages coupled with a positive RSI would put Semis back into an uptrend. (using SOXX)

Daily Chart of iShares Semiconductor ETF (SOXX)



Nvidia (**NVDA**) gained 3.5% for the week during a volatile yet robust week for the stock that saw gains amid AI enthusiasm that has the company positioned to see the most growth due to their key position in providing needed technology. NVDA can be bought on a pullback to the \$277 range at its 10-day moving average.

While Semiconductor stocks may be on the cusp of turning positive, the outlook for many of these names is mixed as the chip market is seeing reduced sales in select areas. These highly cyclical companies will be impacted by any hints of a possible recession as well, as semiconductor chips are used in every part of the economy.

We're adding Uber Technologies (**UBER**) to our Suggested Holdings List after last week's 1 month base breakout on heavy volume put the stock into a new uptrend. Last week's advance followed UBER's report of earnings and sales that were ahead of analyst's estimates due to international growth.

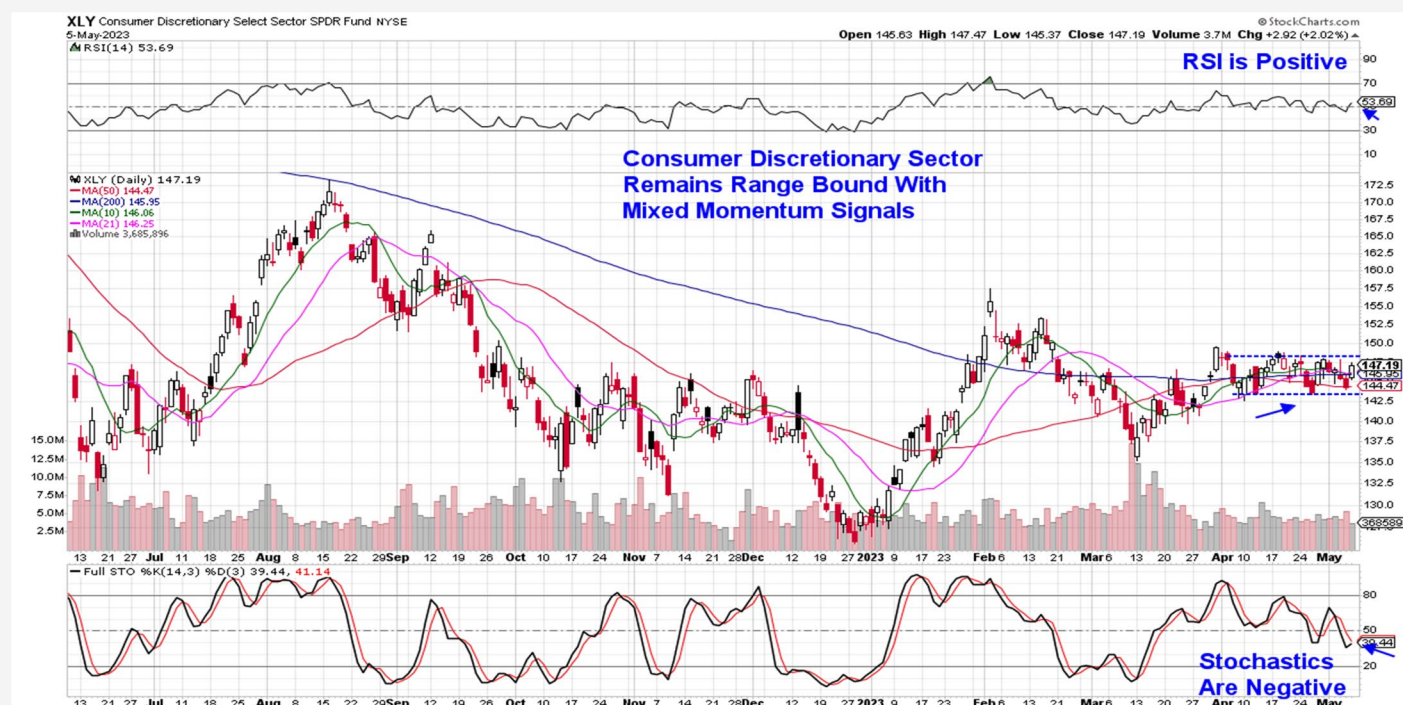
Most importantly, their 1st quarter results have analysts noting that the company has finally hit an inflection point of growth that was not imaginable a few years ago. UBER is finding support at its 5-day moving average and can be bought in the \$36.5 range.

While last week's rally in Technology pushed the sector back into an uptrend and close to its early February highs, we've seen only a slight improvement in the number of stocks that are above their key 50-day moving average which now stands at 28%. (it was 25% last week).

In the face of a potential recession due to reduced bank capital needed for corporate expansion, select areas of Tech are being held back. This would include Software stocks as spending in this area is often reduced as corporate spending recedes. Semiconductor stocks are also closely tied to the economy as mentioned above

While we've expanded our Watch List with stocks from this sector, we're refraining from adding new names to our Suggested Holdings List at this time.

Consumer Discretionary Select Sector SPDR Fund (XLY)



Consumer Discretionary Sector Remains In Trading

Range

Consumer Discretionary stocks were mixed last week as travel related stocks gained amid strong earnings while many areas of retail pulled back due to downgrades to growth prospects going forward.

Among Retailers, select names outperformed such as Wingstop (**WING**) which gained 5% after reporting earnings and sales that were ahead of estimates with management guiding growth estimates higher into year end. WING is in a strong buy zone after pulling back to its 5-day moving average.

Home Builders were flat for the week with the group continuing to be in an uptrend. KB Home (**KBH**) also remains in an uptrend and the stock is in a buy zone after closing the week above its 5-day moving average. Home builder DR Horton (**DHI**) pulled back after hitting a new high on Wednesday and closed the week down 1.5%.

DHI is in a consolidation phase after its gap up in price last month and a move back above its 5-day moving average would put the stock into a buy zone.

Retailer Floor & Decor (**FND**) pulled back sharply on Friday after the company reported earnings that were below estimates. Buyers came in on the dip however, so that FND closed the day in the upper portion of its trading range.

This close at an intraday high after a sharp drop often precedes further upside which is a positive however,

FND ended the week below its 50-day moving average and coupled with a now negative RSI, we're removing the stock from our List.

Las Vegas (**LVS**) pulled back from a high in price on Monday where it found support at its 21-day moving average. The pullback occurred on below average volume which is a positive. We'd be a buyer of the stock on a rally back above its 10-day moving average which is at \$62.8.

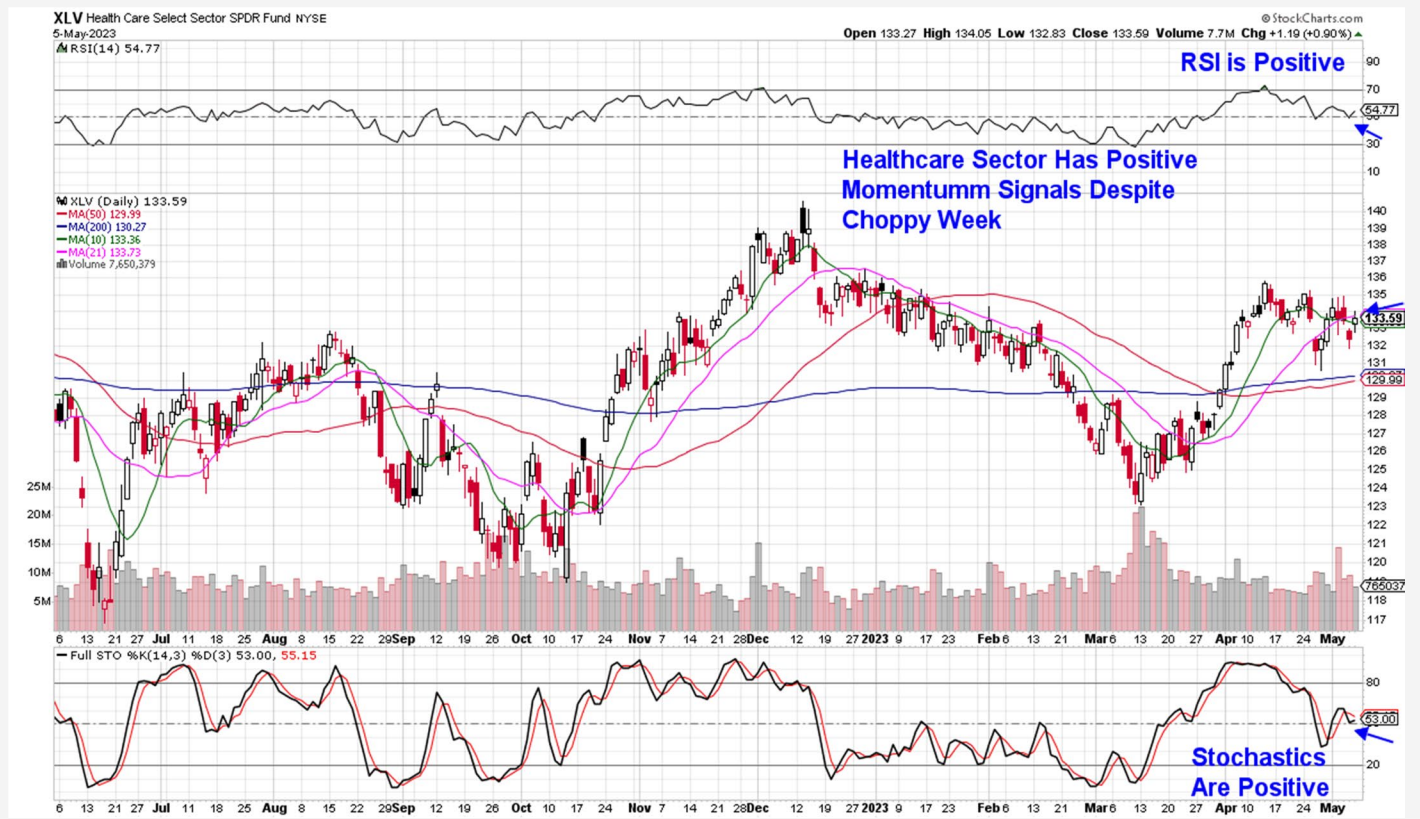
Walmart (**WMT**) gained 0.5% with a Friday rally that puts the stock into a strong buy zone after pushing it above each of its moving averages. WMT announced a dividend increase on Saturday which may help boost shares next week.

McDonalds (**MCD**) pulled back slightly from a new high in price Tuesday and is finding support at its 10-day moving average which is trending upward. The MACD is now flat which indicates that the upward momentum from April may be waning.

That said, McDonalds is poised for further upside however, we would keep new positions light until the momentum shifts upward again. (using the MACD on the daily chart.)

Nike (**NKE**) has been in a tight trading range over the past 3 weeks amid a lack of any real news. A move above its recent high of \$127.5 would put the stock into a buy zone.

Health Care Select Sector SPDR Fund (XLV)



Healthcare Sector Is Flat For The Week

Healthcare stocks were mixed last week after a 1.1% rally in Biotech stocks was offset by a 1.1% loss in Medical Products. (using IBB and IHI respectively).

Pharmaceutical stocks gained even less however, there were bright spots such as AstraZeneca (**AZN**) from our List which gained 3% on the heels of an FDA backing of restricted use of their prostate cancer drug. AZN is in a strong buy zone after closing the week above each of its moving averages.

Merck (**MRK**) posted a 2% gain for the week which keeps the stock in an uptrend. MRK received a Wall Street upgrade last week due to strong sales in their key HPV vaccine as well as chemotherapy drug treatments. The 2.5% yielder is in a strong buy zone as it finds support at its upward trending 10-day moving average.

Intuitive Surgical (**ISRG**) posted a gain for the week and remains in an uptrend after last month's gap up in price following strong quarterly results. The company has been using AI to better train surgeons and reduce possible complications by analyzing data from previous surgeries. ISRG is in a buy zone after closing the week above its 5-day moving average.

Hologic (**HOLX**) pulled back despite reporting earnings and sales above estimates with management guiding

growth estimates higher for this year. The stock was able to regain its positive RSI however, we'd need to see HOLX trade back above its shorter term moving averages before we'd add to any position.

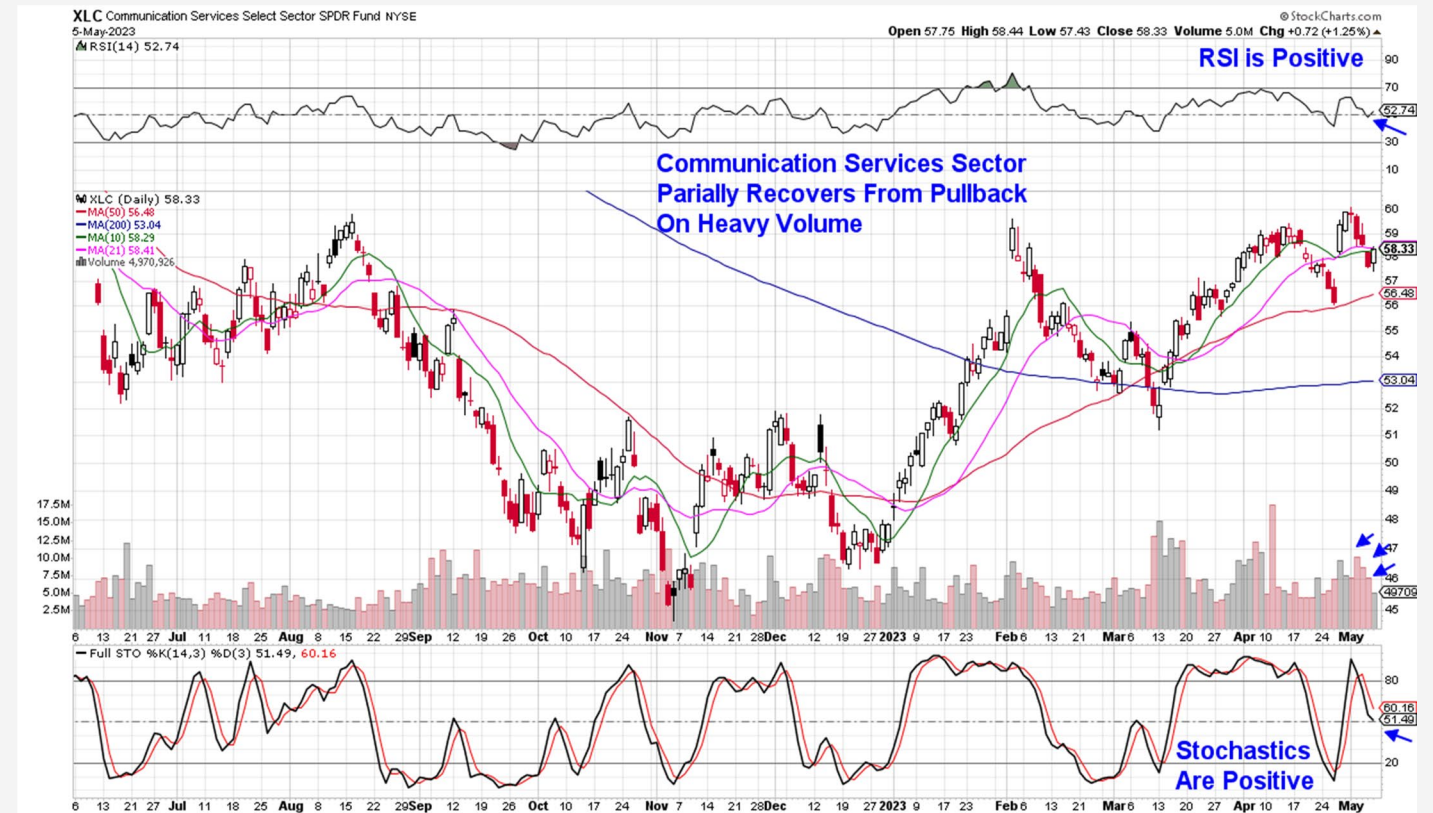
This week we're adding Biogen (**BIIB**) to our Watch List amid upgrades to the company's growth prospects due to the FDA approval for their ALS treatment late last month.

BIIB broke out of a 5-month base on volume with the stock in a confirmed uptrend which puts the stock into a buy zone. In addition, the MACD on the weekly chart experienced a positive crossover last week which is constructive for the longer term outlook. (black line up through the red)

EXACT Sciences (**EXAS**) has been added to our Watch List as the stock entered into an uptrend ahead of the release of their earnings on Tuesday.

Next week, Bank of America will be hosting their annual Healthcare Conference (May 9-11) where management will discuss their company outlooks. Many major firms such as Merck and Amgen will be presenting as will smaller firms such as Hologic. Depending on comments, we may well see stocks in Healthcare impacted.

Communication Services Select Sector SPDR Fund (XLC)



Communication Services Sector Among Worse Performing

The Communication Services sector gave back the prior week's gains which were boosted by strong earnings from heavyweight stock Meta Platforms (**META**). The pullback occurred amid continued weakness in Telecom stocks such as AT&T and Verizon.

Alphabet (**GOOGL**) from our List continues to trade in a lackluster fashion with a pullback below its shorter

term moving averages which took place while other AI related mega-cap names moved higher.

While the RSI and MACD are positive on the daily chart, we would not add to any position until the stock closes above its 10 and 21-day moving average coupled with a positive MACD crossover.

Summary

Last week the markets remained volatile amid an eventual rebound in battered bank stocks, interest rate comments from the Federal Reserve and the release of mixed earnings reports from many companies. The general tone among investors was negative for the week until Apple's positive earnings and a strong jobs report helped push stocks higher on Friday.

Other areas also traded higher on Friday in a broad based rally that gave the markets a boost, but was not enough to increase breadth to a level that would support a rally similar to January of this year. (see equal weighted S&P 500 chart below).

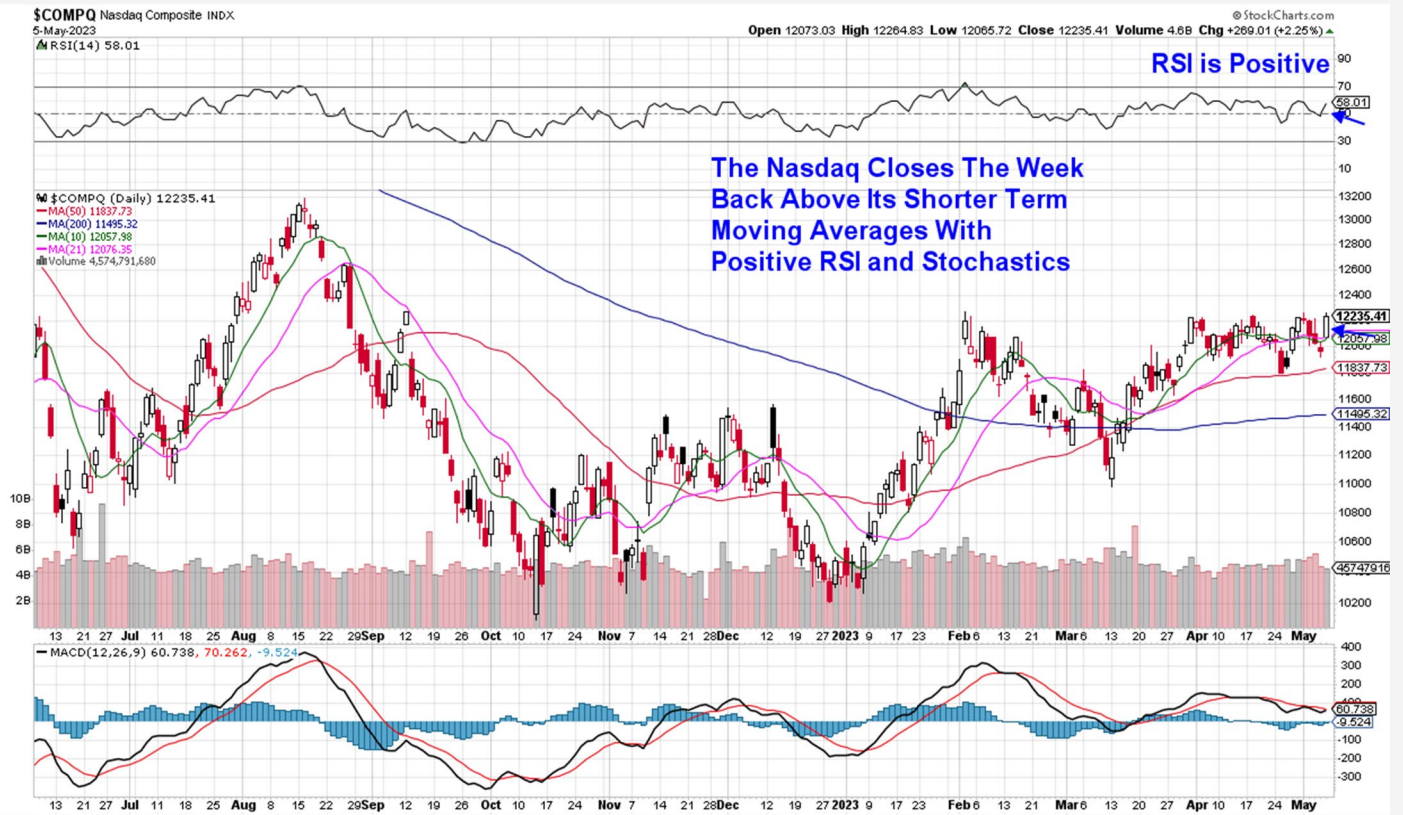
Next week we anticipate continued volatility as we head into key inflation reports later in the week while 1st quarter earnings releases begin to taper off. At this time, the bulls are encouraged by generally positive earnings reports from mega cap Tech names as well as a pause in interest rate hikes while the bears are worried by recession fears brought on by high inflation and a broken bank system.

Until we see a clearer path for the markets direction, we'd continue to keep new positions light.

S&P 500 Equal Weighted Index (\$SPXEW)



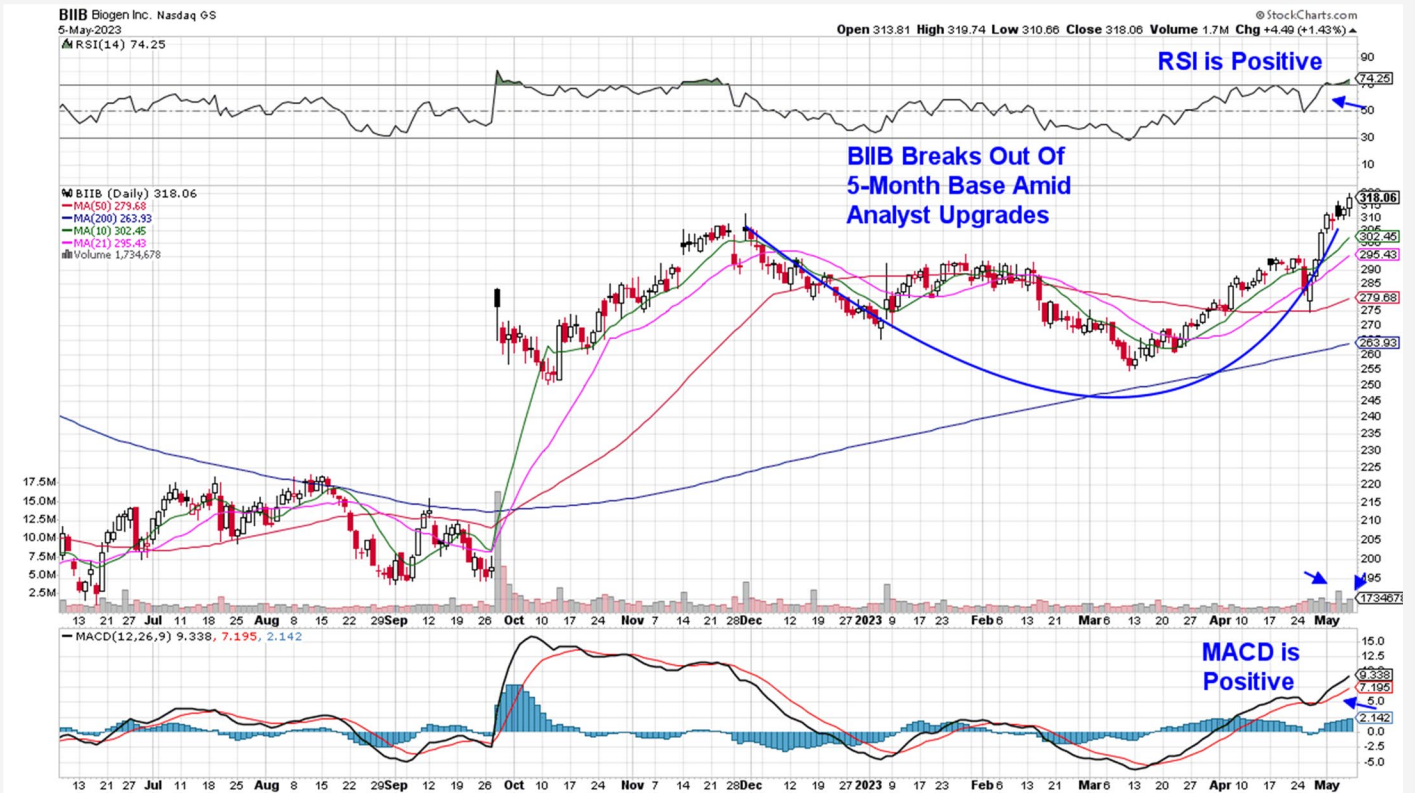
Daily Chart of NASDAQ Composite (\$COMPQ)



Daily Chart of UBER Technologies, Inc. (UBER)



Daily Chart of Biogen Inc. (BIIB)



The
MEMEdge
WEEKLY REPORT

MEM Edge Report Suggested Holdings

Stocks With Emerging Leadership Characteristics

\$ = Earnings Due		Buy Zone		Strong Buy		Buy on Pullback		Removed From List	
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SYMB	COMPANY	PRICE	DATE ADDED	PERFORMANCE	EARNINGS DUE DATE	INDUSTRY GROUP
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CONSUMER DISCRETIONARY						
DHI	DR HORTON	\$109.80	4/30/2023	-1.5%	July 20	Home Building
FND	Floor & Décor	\$98.40	4/16/2023	-6.0%	Aug 3	Retail
KBH	K B Home	\$41.70	4/23/2023	5.5%	June 21	Home Building
LVS	Las Vegas Sands	\$63.50	4/23/2023	-2.0%	July 19	Tourism
NKE	Nike	\$125.90	4/16/2023	1.0%	June 26	Footwear
MCD	McDonalds	\$271.30	3/26/2023	10.5%	July 25	Restaurant
WING	Wingstop Inc.	\$157.80	1/29/2023	30.5%	Aug 3	Restaurant
WMT	Walmart	\$147.50	4/2/2023	3.5%	May 18	Retail

COMMUNICATION SERVICES						
GOOGL	Alphabet	\$108.80	4/16/2023	-3.0%	July 25	Comm Services

HEALTHCARE						
AZN	AstraZeneca ADR	\$72.30	4/9/2023	4.5%	July 28	Pharmaceuticals
BIIB	Biogen	\$318.00	5/7/2023		July 20	Biotechnology
HOLX	Hologic	\$82.80	4/9/2023	1.5%	July 26	Medical Supplies
ISRG	Intuitive Surgical	\$300.22	4/23/2023	1.5%	July 20	Medical Equipment
MRK	Merck & Co.	\$115.30	4/16/2023	2.0%	Aug 1	Pharmaceuticals

TECHNOLOGY						
AAPL	Apple	\$160.30	3/26/2023	9.5%	Aug 3	Computer Hardware
MSFT	Microsoft	\$276.20	3/16/2023	10.0%	July 25	Software
UBER	Uber Technologies		5/7/2023	37.80	Aug 1	Software
NVDA	Nvidia Corp	\$178.40	1/22/2023	49.5%	May 24	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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