



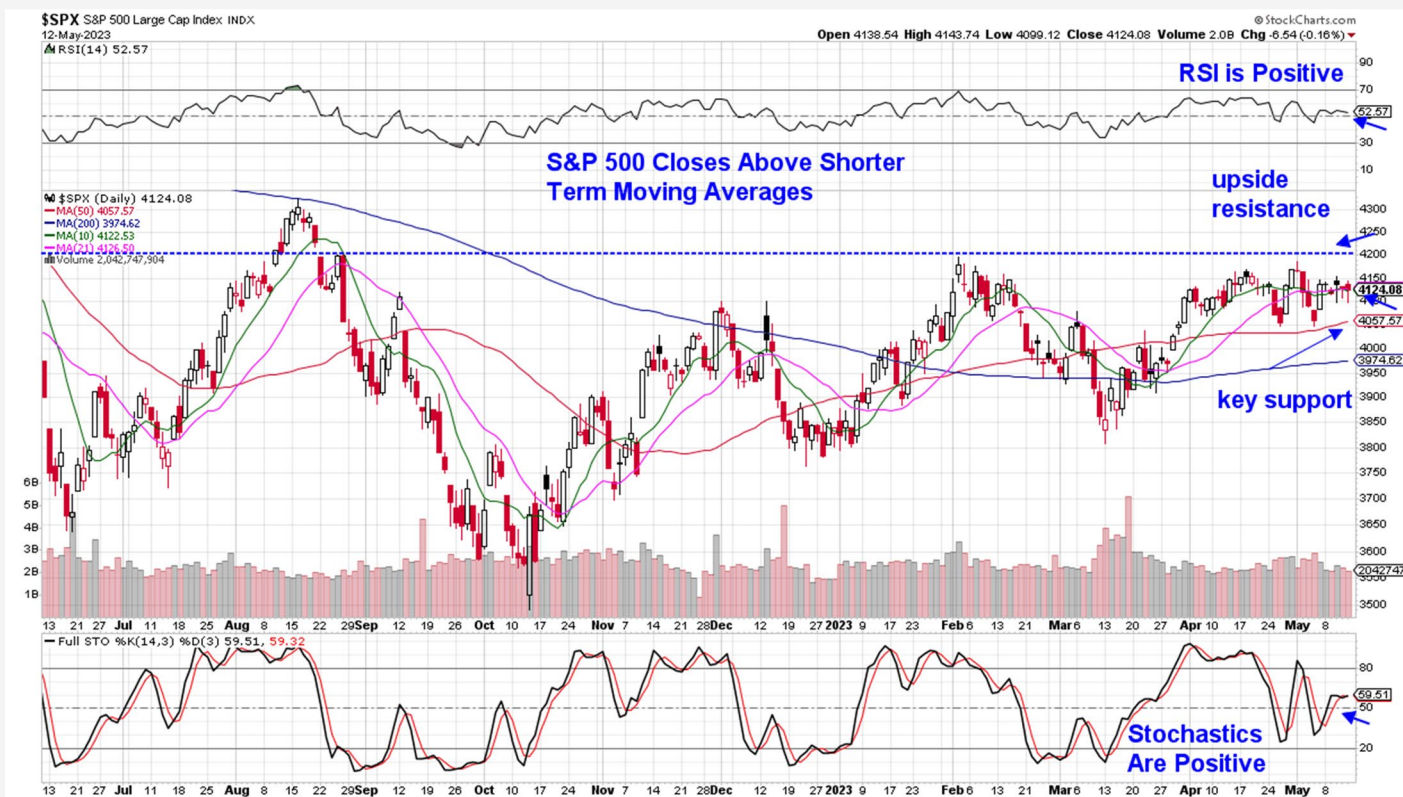
THE MEM EDGE

May 14, 2023 / Weekly Report

This Week's Highlights

- Annual CPI Data Falls For First Time In Two Years
- NY Fed President Sees Signs Of Credit Tightening
- April Producer Price Index (PPI) Posts Smallest Increase In 16 Months
- May Consumer Sentiment Tumbles To 6 Month Low
- April Retail Sales, Housing Data & Leading Indicators Next Week

Daily Chart of S&P 500



The S&P 500 closed the week down a modest 0.3% in a move that keeps the near term uptrend in place as the Index closed the week above its 21-day moving average with the RSI and Stochastics in positive territory. The lack of any major price swing in the markets for the week keeps the tight trading range that began in March, firmly in place.

The back and fill nature of the markets highlights the uncertainty among investors and until we can trade above resistance at the 4200 level or we break below

support at the 50-day moving average - which is 1.6% away - this trading range will remain in place.

The Nasdaq fared a bit better with a 0.4% gain on the heels of outperformance in Alphabet (GOOGL), Amazon (AMZN) and Netflix (NFLX) as well as gains in Software stocks which have reversed their downtrend.

The Nasdaq is in a more uptrending phase with last week's slight gain being enough to put this Index at a year-to-date high as it finds support at its upward trending 10-day moving average. As most of you are

aware, the outperformance in the Nasdaq has been led mostly by sharp gains in the mega-cap FAANG stocks with last week being no exception.

The week started out slow as investors nervously awaited key inflation data while digesting comments from Fed officials that signs of tighter credit are emerging among Regional banks. The news of reduced lending activity heightened inflation fears as it would reduce the growth prospects among corporations.

There was more bad news regarding banks however, as PacWest Bancorp (PACW) fell 21% for the week after news of a drop in deposits. The news pulled other Regional Banks lower with the group falling 5.2% for the week. (using ETF KRE)

CPI data for April showed a slight reduction in year over year inflation which was enough to spark a midweek

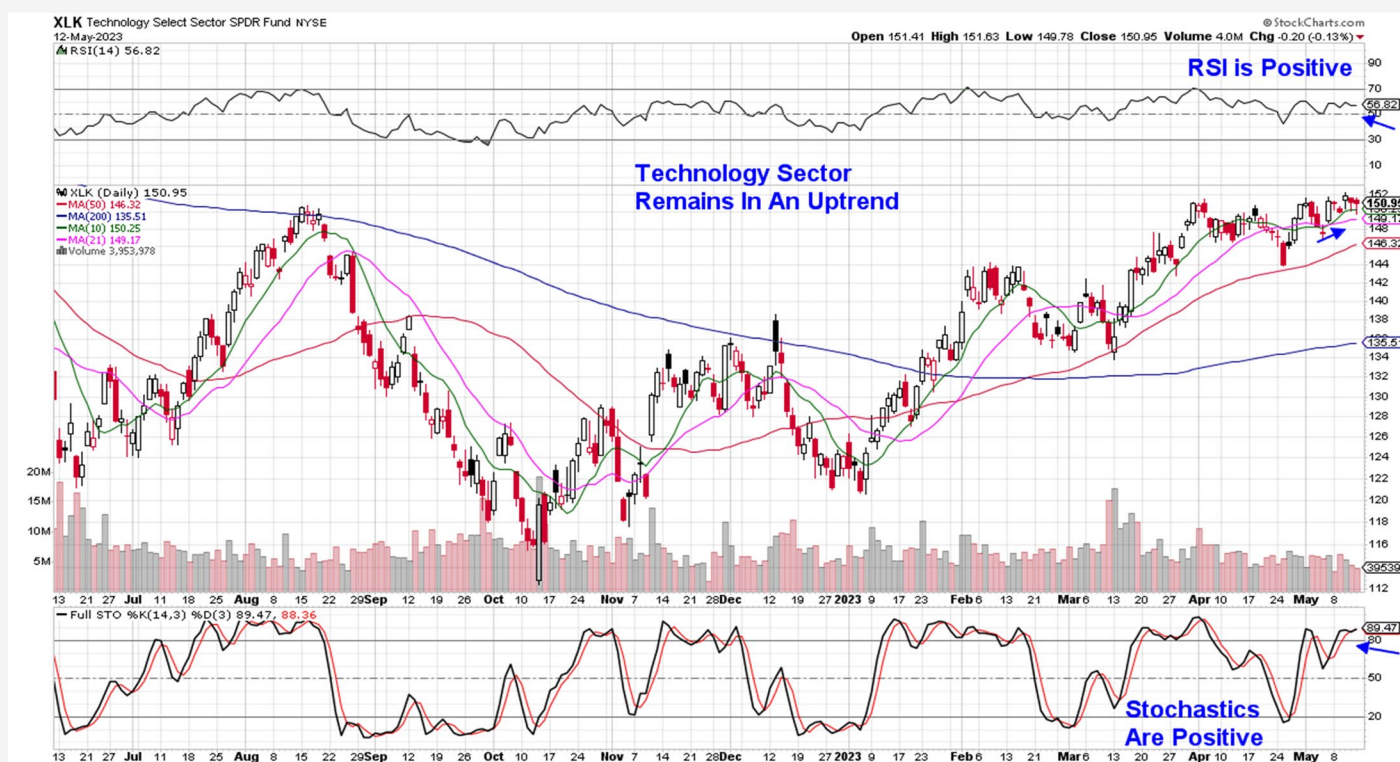
rally. It was short lived however, as PPI inflation data on Thursday was mixed and a sharp drop in Consumer Sentiment on Friday reignited concerns of a recession.

Next week will provide further insight into consumer's sentiment as Retail Sales data for April is due as are earnings reports from several major Retailers.

Without a strong earnings report from a mega cap FAANG stock to boost the markets, bulls wrestled with bears over whether the economy will remain on firm footing or fall into a deep recession. This lack of a clear path has resulted in intraday volatility that's being marked by a mostly flat close for the day.

Beneath the surface, fears of higher interest rates pushed the U.S. dollar higher while cyclical areas such as Materials, Energy and Industrials underperformed for the week.

Technology Select Sector SPDR Fund (XLK)



Technology Sector Closes Down Slightly

The Tech sector remains in an uptrend after closing the week above its 10-day moving average with a positive RSI and Stochastics. A rally in Software stocks gave this sector a boost while a pullback in Semiconductor stocks served as a counterbalance. Both areas were impacted by quarterly results as well as guidance among stocks regarding growth going forward.

Software stocks have entered an uptrend after closing above their 21-day moving average on above average

volume last week. In addition, the RSI and MACD are now in positive territory. (using ETF IGV).

The 1.4% rally in this group is being led primarily by beaten down names that are coming in with strong earnings reports that are in turn, shifting investor's growth outlook for the given company. Among them is recently added Datadog (DDOG) who reported strong earnings earlier this month while also guiding estimates higher for the remainder of this year.

Last week's gain pushed DDOG out of a 3-month base as it entered a new uptrend by closing above its 200-day moving average. DDOG can be bought on a pullback to the \$83.6 range at its 5-day moving average.

Heavyweight Software stock Microsoft (**MSFT**) gained 0.5% amid analyst upgrades due to the company's AI initiatives. The stock is in an uptrend after a period of consolidation that followed their late-April gap up in price due to strong earnings results.

Last week Microsoft announced they will not be providing raises to their staff this year while also stating they will be reducing the number of employees due to economic headwinds.

This news underscores the sensitivity that Software stocks have to any hint of an economic slowdown. Historically, corporate spending cutbacks will hit Software unless it's in an absolutely needed area. DDOG fits that profile as their cloud monitoring software provides critical security for many online applications.

Uber Technologies (**UBER**) gained 2% for the week amid news of their launch of a flight booking app in the U.K. The move is part of UBER's plan to reach \$1 billion in annual ad revenue by 2024. The stock is in a buy zone

as it remains in an uptrend while finding support at its 5-day moving average.

Semiconductor stocks pulled back 1% for the week amid a negative growth outlook for heavyweight names such as Intel (**INTC**) and Qualcomm (**QCOM**). The group remains below its 50-day moving average with negative momentum indicators.

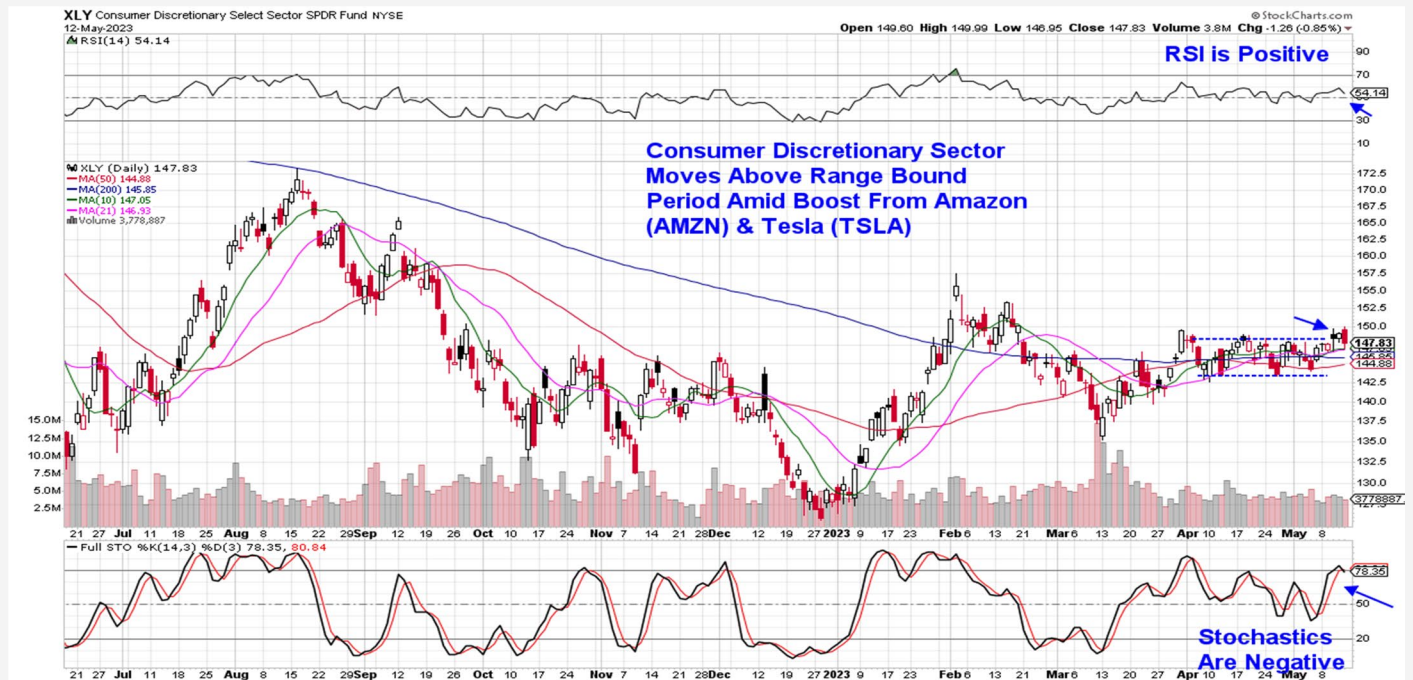
Semiconductor stocks are cyclical and are also highly sensitive to the economic outlook. There are relative bright spots however, with firms providing chips to the AI, Auto and Data Center industries faring a bit better. This would include companies such as Rambus (**RMS**), Advanced Micro (**AMD**) and O N Semi (**ON**) which are each on our Watch List.

Leading Semi stock Nvidia (**NVDA**) pulled back 1.2% for the week with its MACD trending sideways ahead of the release of their earnings later this month. NVDA closed the week just below its 10-day moving average on light volume which historically has been an ideal buy point.

Healthier price action in the overall Semi group would give NVDA a boost, and next Thursday's release of earnings from Applied Materials (**AMAT**) may help depending on their results. AMAT is the largest producer of chip manufacturing equipment and the company has seen growth this year due to AI demand.



Consumer Discretionary Select Sector SPDR Fund (XLY)



Consumer Discretionary Sector Is Top Performer

Discretionary stocks received a boost from outperformance in heavyweight names Amazon (AMZN) and Tesla (TSLA) which both rallied higher than the markets. AMZN had a particularly robust week after announcing shifts to their delivery systems which will ensure faster service. Late week news regarding improved pricing with their AWS web service also pushed the stock higher.

Elsewhere in this sector, it was a tough week as recession fears and reports of sticky inflation were topped off by Friday's sharp drop in consumer sentiment.

Bellwether footwear company Nike (NKE) from our List fell 5% despite reports on Friday that sales in China have picked up. The selloff pushed the stock below its 50-day moving average on above average volume and we're removing NKE from our Suggested Holdings List.

Travel related stocks also underperformed with Las Vegas Sands (LVS) pulling back 2.5% in a move that pushed the RSI into negative territory on the daily chart. The price action has us removing the stock from our Suggested Holdings List as we look to reduce exposure going into a heavy earnings period for consumer companies.

Home Construction stocks were mostly flat with KB Homes (KBH) from our List being a top performer after a 3.8% gain that puts the stock at a new high in price.

The gain followed news of the company's launch of a new community which will expand revenue. KBH has a

P/E multiple that's on the low end for the group at 5 times trailing 4-quarter earnings. In addition, it's one of the few builders that offers a dividend with a 1.3% annualized yield.

KBH remains in a confirmed uptrend and is in a buy zone as it finds support at its upward trending 5-day moving average.

DR Horton (DHI) from our List traded in line with the group after a 0.4% gain for the week. The stock remains in a consolidation phase with back and fill price action that has it remaining above key moving averages but in a go nowhere period. A close above its high earlier this month at \$111 would put the stock into a buy zone.

Wingstop (WING) is in the beginning stages of forming the right side of a base as it ended the week trending above its shorter term moving averages amid analyst upgrades. The stock is in a buy zone however, higher volume on rally days would give us more conviction.

McDonalds (MCD) was flat for the week after pulling back from a new high in price on Tuesday. The stock is finding support at its 21-day moving average amid analyst news on Friday that the company's same store sales appear to be trending ahead of estimates. MCD is in a buy zone.

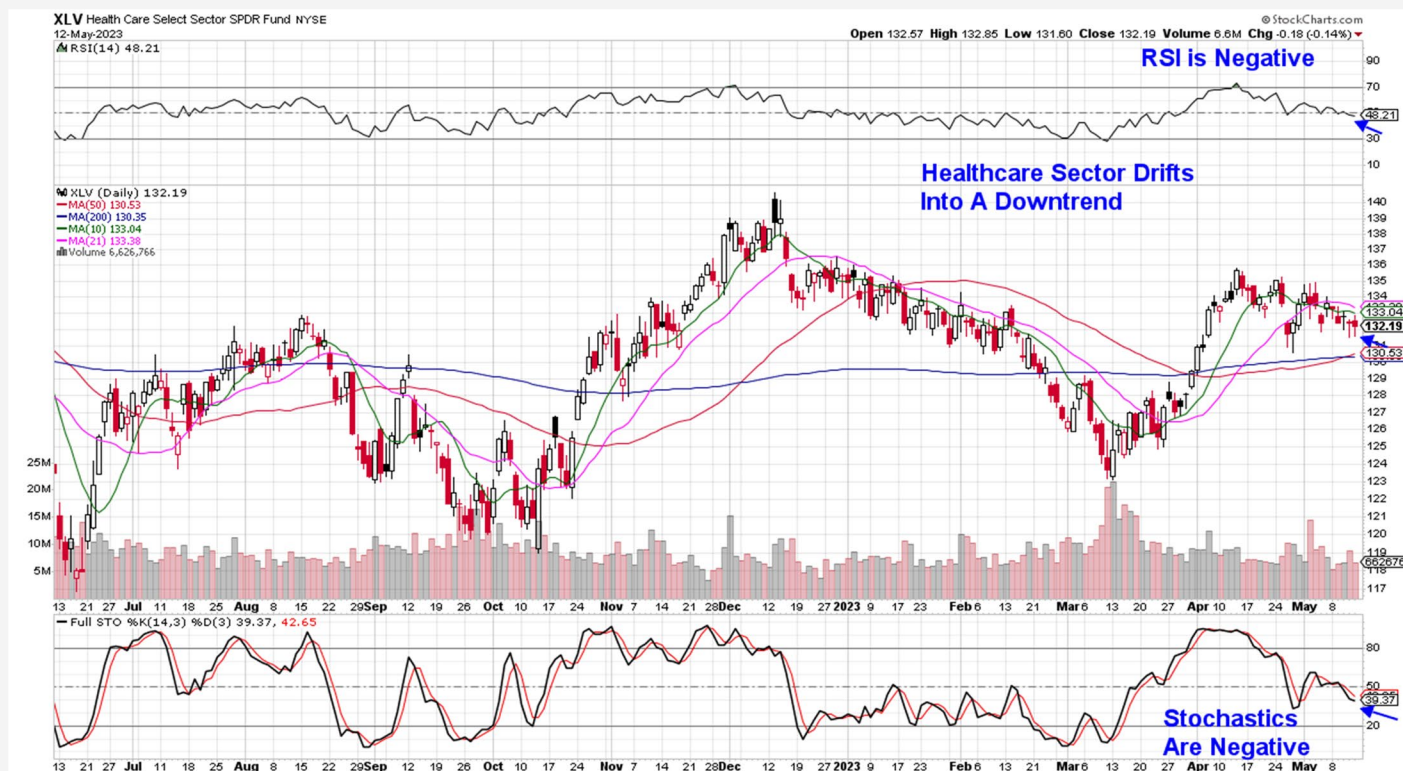
Next week, several well known Retailers will be reporting earnings and among them is Walmart (WMT) from our List who will be releasing results on Thursday before the market opens. WMT received several price target upgrades from major Wall Street firms ahead of

the report which is statistically quite bullish. That said, we would not be a buyer of stocks going into their reports unless your position is hedged.

Also reporting next week are Target (**TGT**), Ross Stores (**ROST**) and TJX Co (**TJX**) which is on our Watch List given its bullish position and positive growth outlook going into their report.

This week, we're adding Wingstop (**WING**) to our Suggested Holdings List after the 5.5% yielder broke out of a 5-month base after reporting strong quarterly results while guiding estimates higher for this year and next. The stock is in a buy zone as it finds support at its 5-day moving average.

Health Care Select Sector SPDR Fund (XLV)



Healthcare Sector Underperforms

Healthcare stocks trended lower last week amid a slight pullback in Biotech, select Pharmaceuticals and Medical Products stocks. (using ETFs IBB and IHI) which drifted lower in light volume. The decline puts this sector into a near-term downtrend as its now below its shorter term moving averages with a negative RSI and Stochastics.

Among the Healthcare stocks on our List, Intuitive Surgical (**ISRG**) is the most compelling after a late week move that put the stock back above its 5 and 10-day moving average on relatively high volume. A move above its recent high of \$308.5 would put the stock in an even more positive position.

Merck (**MRK**) trended sideways for the week amid a lack of impactful news. The 2.5% yielder remains in an uptrend with a positive RSI and MACD which puts the stock into a buy zone. The company has been receiving Wall Street upgrades due to their strong pipeline of drugs particularly in the oncology space.

AstraZeneca (**AZN**) traded mostly sideways for the week as well while finding support above its shorter term

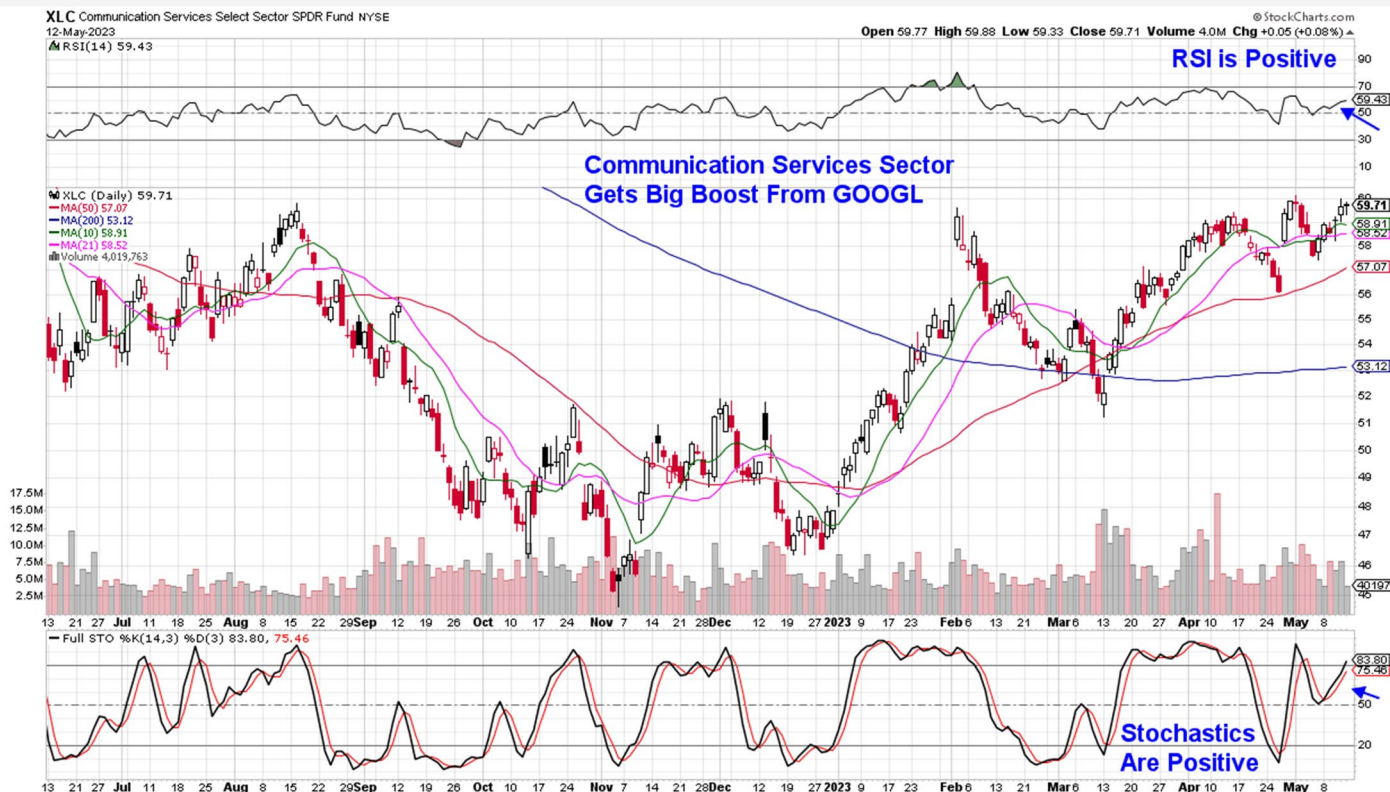
moving averages with positive momentum indicators. The company reported several positive news items last week including approval in China for one of their drugs and in the EU for a different medication. AZN is in a buy zone.

Biogen (**BIIB**) pulled back from last week's nearterm high in price despite a price target upgrade to \$350 from a major Wall Street firm. The decline occurred on below average volume which is constructive and a move back above its 10-day moving average at \$312.5 would put BIIB in a buy zone.

Healthcare's pullback last week was due mostly to a continued decline in large cap Medical Products stocks that are reporting weak earnings compared to last year when their Covid related drug delivery products were in high demand.

Biotech stocks were among the worst performers however which may be pointing to a risk off sentiment among investors as most of these companies are not producing earnings. We'll continue to monitor this.

Communication Services Select Sector SPDR Fund (XLC)



Communication Services Sector Is Top Performer

The Communication Services sector was given a boost by a sharp gain in heavyweight stock Alphabet (GOOGL) which rallied 11.3% after several positive announcements at last week's I/O developers conference at their headquarters. The news has Wall Street applauding the company as it regained its status as a leader in AI development.

GOOGL broke out of a 5-week base on heavy volume which pushed the MACD into a positive crossover. The price action points to further upside for the stock near

term. Of note however is that GOOGL trades very much in tandem with the broader markets so any weakness there may lead to a pause in upside price action.

We can use the August, December and February pullbacks in the stock as precedence as those were periods when the market fell. A negative RSI signaled further downside and an ideal time to exit for shorter term investors.

Summary

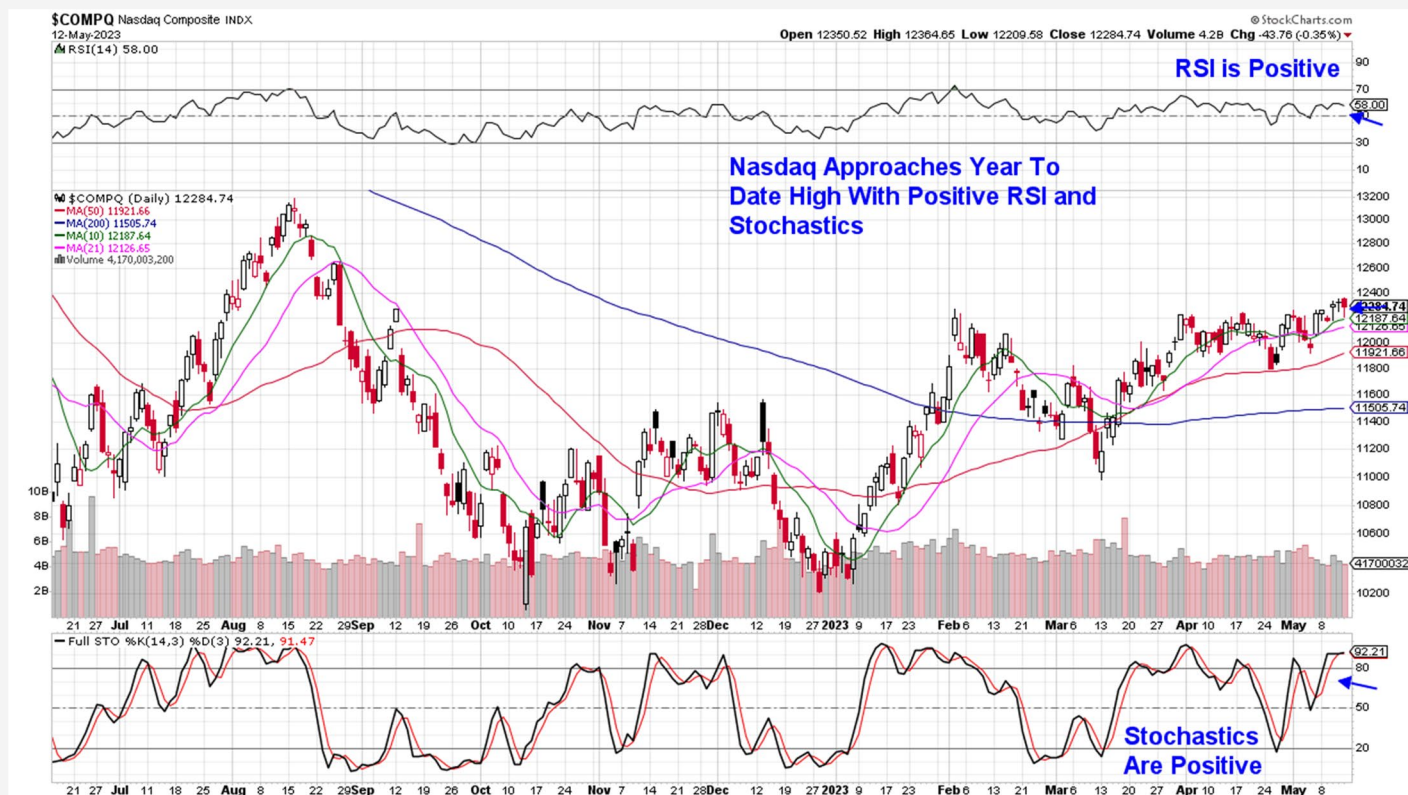
Last week's choppy price action shows a market that remains indecisive as the bulls are looking for a soft landing as the Fed pauses their rate hike campaign, while the bears are on the lookout for a more harsh ending to the year due to a possible recession amid credit tightening from depressed banks.

This environment makes investing more difficult and we would continue to keep new positions light until we see a decisive move above 4200 for the S&P 500 Index.

Among emotions that dictate market direction, fear is historically the most impactful and if we continue to see deterioration among Bank stocks coupled with negative comments from Fed officials regarding interest rates, we may see a shift to the downside. This is primarily because we will no longer have positive earnings reports to buoy sentiment as earnings season is winding down.

Next week, 10 Federal officials will be speaking with current Fed Chair Powell due to appear on a panel with former Fed Chair Bernake on Friday.

Daily Chart of NASDAQ Composite (\$COMPQ)



Daily Chart of Wendy's Co. (WEN)

WEN Wendy's Co. Nasdaq GS

Consumer Discretionary / Restaurants & Bars

Open: 23.28 Ask: 28.43 Options: yes
 High: 23.49 Ask Size: EPS: 0.82 Annual Dividend: 0.625
 Low: 23.15 Bid: Mkt Cap: 4.99B Yield: 2.67%
 Prev Close: 23.22 Bid Size: Last Size: SCTR (Mid): 78.3

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Friday 12-May-2023
 Chg: +0.95%
 Last: 23.44
 Volume: 3,211,542

RSI(14) 70.88

RSI is Positive

WEN Has Broken Out Of A
 5-Month Base After Reporting
 Earnings Above Estimates

WEN (Daily) 23.44

MA(50) 21.75

MA(200) 21.16

MA(10) 22.65

MA(21) 22.38

Volume 3,211,542

MACD(12,26,9) 0.377, 0.260, 0.116

RSI is Positive

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

SYMB

COMPANY

PRICE

DATE
ADDED

PERFORMANCE

EARNINGS
DUE DATE

INDUSTRY GROUP

CONSUMER DISCRETIONARY

DHI	DR HORTON	\$109.80	4/30/2023	-1.0%	July 20	Home Building
KBH	K B Home	\$41.70	4/23/2023	9.5%	June 21	Home Building
LVS	Las Vegas Sands	\$63.50	4/23/2023	-4.5%	July 19	Tourism
NKE	Nike	\$125.90	4/16/2023	-4.0%	June 26	Footwear
MCD	McDonalds	\$271.30	3/26/2023	10.5%	July 25	Restaurant
WING	Wingstop Inc.	\$157.80	1/29/2023	29.0%	Aug 3	Restaurant
WEN	Wendy's	\$23.40	5/14/2023		May 9	Restaurant
WMT	Walmart	\$147.50	4/2/2023	4.5%	May 18	Retail

COMMUNICATION SERVICES

GOOGL	Alphabet	\$108.80	4/16/2023	8.5%	July 25	Comm Services
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HEALTHCARE

AZN	AstraZeneca ADR	\$72.30	4/9/2023	4.0%	July 28	Pharmaceuticals
BIIB	Biogen	\$318.00	5/7/2023	-3.0%	July 20	Biotechnology
ISRG	Intuitive Surgical	\$300.22	4/23/2023	1.5%	July 20	Medical Equipment
MRK	Merck & Co.	\$115.30	4/16/2023	1.5%	Aug 1	Pharmaceuticals

TECHNOLOGY

AAPL	Apple	\$160.30	3/26/2023	9.5%	Aug 3	Computer Hardware
DDOG	Datadog	\$81.80	5/10/2023	1.5%	Aug 9	Software
MSFT	Microsoft	\$276.20	3/16/2023	9.5%	July 25	Software
UBER	Uber Technologies	\$437.80	5/7/2023	2.0%	Aug 1	Software
NVDA	Nvidia Corp	\$178.40	1/22/2023	48.5%	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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