



THE MEM EDGE

June 11, 2023 / Weekly Report

This Week's Highlights

- Bank Of Canada Posts Surprise Rate Hike
- China's Exports Drop 7% Vs Last Year
- Weekly Jobless Claims Climb To 2 Year High
- Federal Reserve Interest Rate Policy and Press Conference Next Wednesday
- May Core CPI and PPI Data Next Week With Retail Sales

Daily Chart of S&P 500



The S&P 500 gained 0.4% last week in a move that keeps the RSI and Stochastics in positive territory with the near-term uptrend remaining in place. As you may recall, we were on the lookout for a close above the 4300 level which is a longer term area of key resistance. While the S&P 500 briefly traded above this level on Friday, it closed the week just a hair beneath.

The Nasdaq gained 0.1% with the flat performance allowing the RSI on the daily chart to move below its oversold position while this Index remained above the 13200 which was a key area of possible upside resistance. With the RSI and Stochastics in positive territory, the uptrend in this index remains in place.

Last week we continued to see a move into Cyclical stocks which began the prior week - after the May

employment report pointed to a stronger than expected economy that may sidestep a recession. While a broadening out of the markets is a positive as more participation will more likely lead to further upside, Technology underperformed. The negative performance in this sector was led by a pullback in Software stocks and Semiconductors while previously super-charged AI-related stocks quieted down.

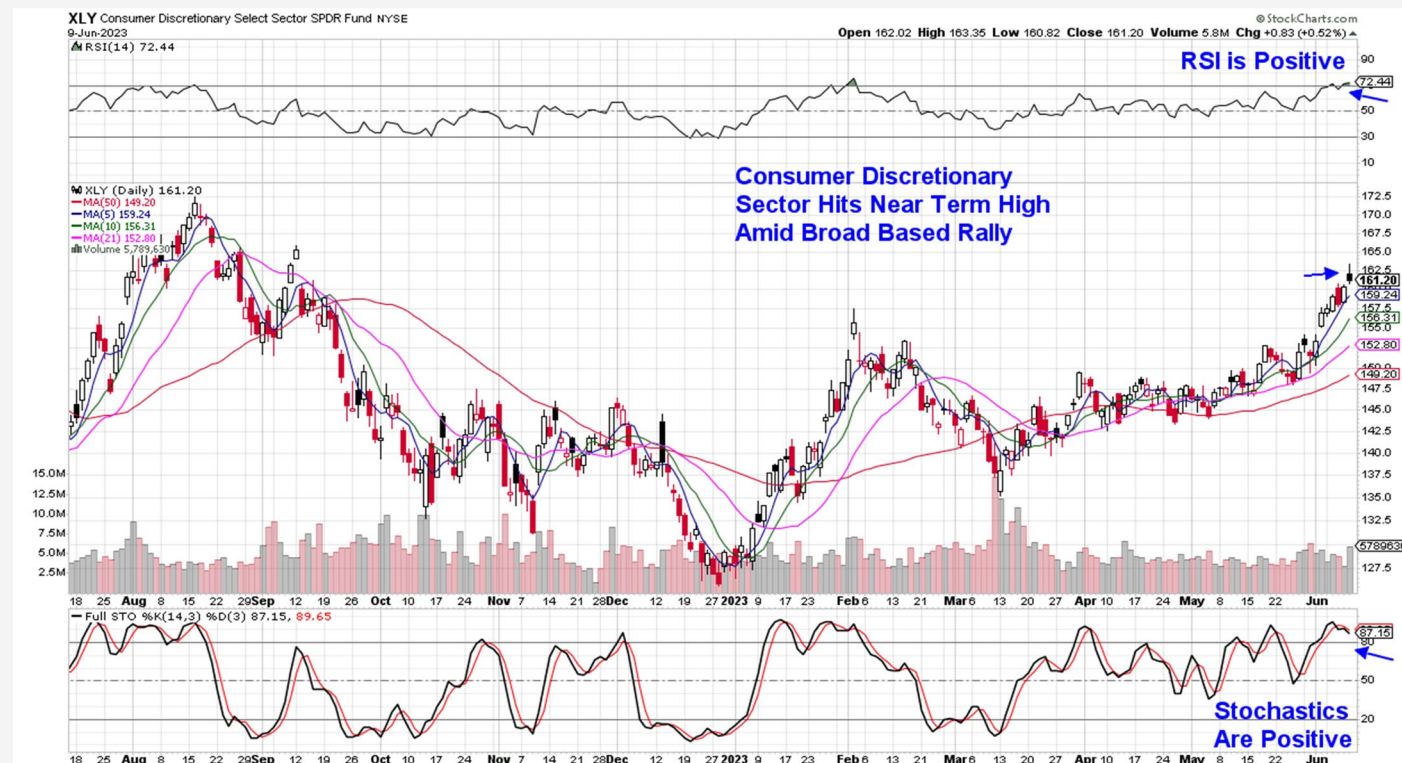
Among the more impactful news last week was Canada's surprise decision to raise their policy interest rate for the first time since January, amid evidence that economic demand was still in place. The news brought about fears of a similar move in the U.S. which in turn sparked a pullback in Growth stocks - especially Software names.

Last week, the U.S. economic calendar was very light which had the markets waffling within a tight trading range due to a lack of real direction. Next week may be very different however, as the Federal Reserve's rate policy will be announced on Wednesday followed by comments from Fed Chair Powell. In addition, key

inflation data will be released with Core CPI and Core PPI being released on Tuesday and Wednesday.

While the broader markets remain in a confirmed uptrend, next week's Fed policy meeting and key inflation reports could easily stall the bullish bias that's in place. New positions in stocks should be entered into lightly prior to these impactful reports.

Consumer Discretionary Select Sector SPDR Fund (XLY)



Consumer Discretionary Sector Is Top Performing

The Consumer Discretionary sector - also known as the Consumer Cyclical sector - gained 2.7% which pushed the RSI into an overbought position as the group hit a near term high.

While Tesla (TSLA)'s 14.2% rally last week gave a boost to this sector, many consumer facing areas were also on the rise with beaten down, oversold stocks seeing the largest gains for the week.

Tesla's rally last week took place amid news that General Motors will be joining Ford in allowing owners of their vehicles to access Tesla's charging ports. The deal gives Tesla a monopoly on EV charging which is expected to boost revenue. TSLA continues to find support at its upward trending 5-day moving average and a pullback to this level would be an ideal buy point at \$229.

Housing stocks were among the gainers last week following news that construction spending rose above consensus despite high inflation and high mortgage

rates. Home prices have been falling of late which is leading to a rise in the sale of new homes.

K B Homes (KBH) was among the biggest winners for the week after posting a 6.7% gain that pushed the stock out of a 3-week base on heavy volume. KBH is in a confirmed uptrend and the stock can be bought as it finds support at its upward trending 5-day moving average.

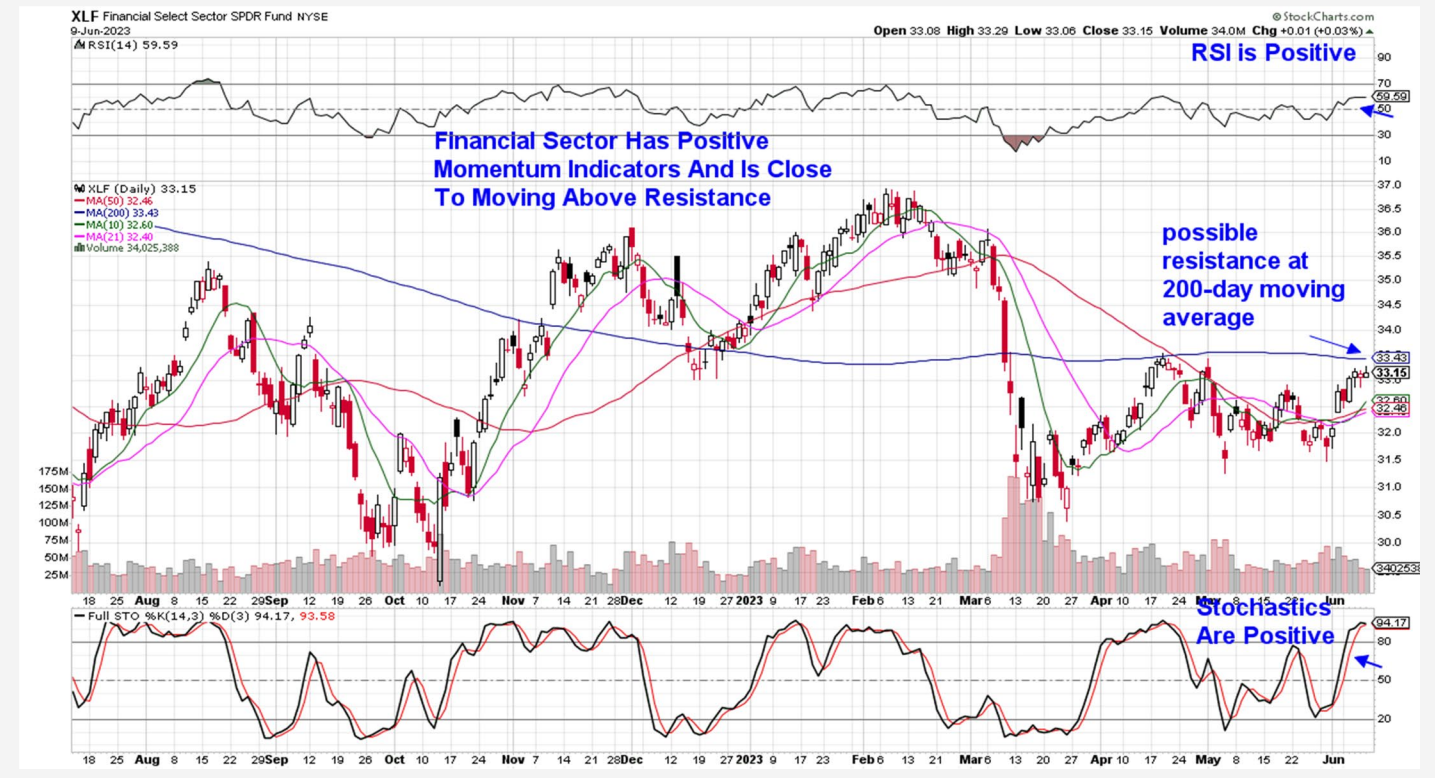
Footwear stock Skechers (SKX) was added to our Suggested Holdings List on Wednesday after a rally pushed the MACD into a positive crossover (black line up through the red) as the stock gets closer to a possible 1-month base breakout at \$55. Management spoke at a conference last week and cited good responsiveness to their promotions that's providing them confidence in their growth prospects going forward. SKX is in a strong buy zone.

Restaurant stocks were among the few negative areas in Retail last week with Wingstop (WING) losing 4.5% on

relatively high volume. The decline pushed the stock below its key 50-day moving average and we're

removing it from our Suggested Holdings List.

Financial Select Sector SPDR Fund (XLF)



Financial Sector Moves Closer To A New Uptrend

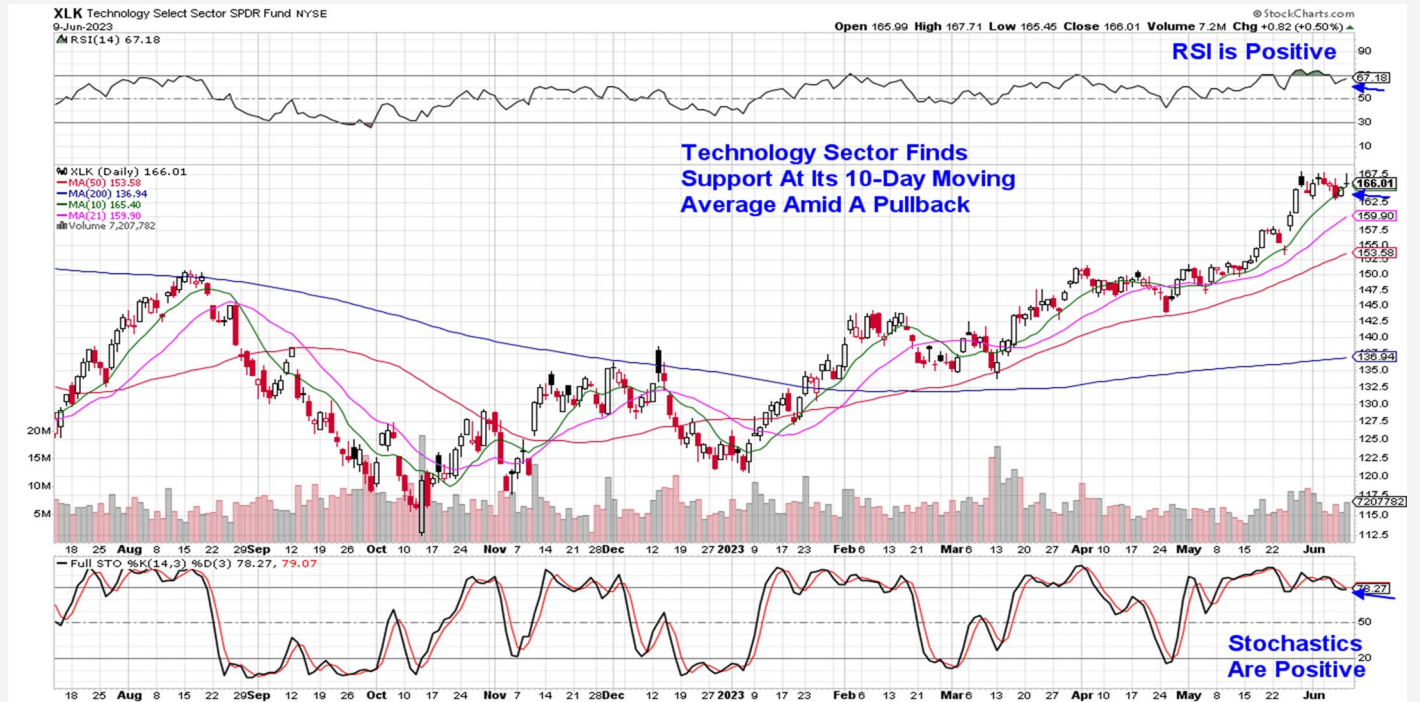
Bank stocks closed higher last week as investors grew hopeful that the banking sector crisis may be mostly behind us. Regional Banks posted the largest gains amid Wall Street upgrades to fundamentally sound banks that were pushed lower due to concerns surrounding select banks that faltered amid a run on deposits.

Comerica (CMA) was upgraded to a buy on Monday due to their cheap valuation after a sharp drop in the stock's price. CMA's CEO sent a letter to customers last week to assure them that the company is in a solid capital position with excellent credit scores.

CMA was added to our Suggested Holdings List on Wednesday after a rally pushed the stock above its 50-day moving average which in turn pushed the MACD into positive territory where it joined the already positive RSI. The stock has faltered since then however which was in line with the group (using ETF KRE).

While we're generally positive on the near term prospects for CMA, the banking group will need more positive news to provide a more prolonged advance. At this time, we'd tread lightly into the stock.

Technology Select Sector SPDR Fund (XLK)



Technology Sector Pulls Back

The Tech sector was among the weaker areas after being led lower by a sharp pullback in Renewable Energy stocks after Tesla's announcement that they'll share their EV charging stations.

Software stocks were also lower on the week after fears of a Fed induced interest rate hike pushed these stocks lower. The group was in an overbought position after posting 3 weeks of gains (using ETF IGV) which made these stocks susceptible to any hint of negative news.

Software stocks are highly sensitive to rising interest rates as it reduces the future value of earnings. Datadog (DDOG) pulled back with the group where it found support at its 21-day moving average. The decline pushed the RSI below its recently overbought position and a price target upgrade later in the week helped DDOG close the week above its 10-day moving average. The stock remains in an uptrend and can be held.

Uber posted a more modest midweek pullback and the stock gained over 3% for the week following several Wall Street upgrades which helped the stock retain its base breakout at \$40.5. The company is continuing to expand their footprint overseas while also announcing their Carshare app last week that will allow people an option to rent their car out to others. UBER is in a strong buy zone.

Heavyweight Software stock Microsoft (MSFT) pulled back to its 21-day moving average on Wednesday's decline in the group. The stock remains in an uptrend

and a move above its 10-day moving average at \$330.6 would put MSFT into a strong buy zone.

Today, we're adding Intapp (INTA) to our Suggested Holdings List. The company provides cloud based software solutions to the financial industry with INTA expected to grow earnings by 78% in 2024.

The stock is trading below its early May levels when it gapped up in price on earnings due to a pullback after a secondary offering in late May. INTA is in a buy zone after last week's close above its 50-day moving average with the RSI and MACD in positive territory.

Last week's Wednesday pullback in Software stocks saw a recovery over the next 2 days so that the uptrend in this group has remained in place. Tomorrow, well known Software name Oracle (ORCL) will be reporting their quarterly results with Adobe (ADBE) reporting on Wednesday. Depending on their results, we may see an impact on other stocks in this group.

Semiconductor stocks posted a 0.5% gain for the week as select stocks pulled back. Nvidia (NVDA) was down 1.5% as it continues to digest its sharp gain from two weeks ago after the company substantially increased its sales outlook for this quarter due to demand for their AI chips.

NVDA closed the week above its 5-day moving average which keeps its near term uptrend in place. As noted in our report 2 weeks ago, precedence tells us that the stock will generally trend higher after its late May gap

up in price - provided the broader markets remain healthy.

Axcelis (**ACLS**) outperformed for the week with a 6.3% gain that kept the stocks near term uptrend in place at it continues to find support at its upward trending 5-day moving average. As noted in our Midweek Report, ACLS received an upgrade from a major Wall Street firm who cited ACLS's dominance in the ion implantation equipment market.

ACLS is extended and can be bought on a pullback to its 5-day moving average (\$169).

Advanced Micro (**AMD**) posted a late week rally which pushed the stock above its 5 and 10-day moving average and into a buy zone. The stock continues to receive price target upgrades due to their partnership with Microsoft where they'll provide a custom chip for use with AI workloads.

Broadcom (**AVGO**) was in a tight trading range last week while finding support above its 10-day moving average. The consolidation took place on below average volume which is constructive. AVGO is in a buy zone.

Semiconductor stocks remain in a bullish position as the group finds support above its shorter term moving averages which are trending upward. In addition to bullish AI related gains in the group, Semis are cyclical in nature and are gaining a boost from a trend toward stocks that fare well when recession fears recede.

Apple (**AAPL**) ended the week flat amid a mixed reaction from Wall Street regarding the possible growth impact of the company's new mixed reality headset. The stock hit a new high on Monday after the headset's release before pulling back to its 10-day moving average. AAPL remains in a strong uptrend and the stock is in a buy zone.



Health Care Select Sector SPDR Fund (XLV)



Healthcare Sector End The Week Flat

Healthcare stocks experienced higher volume on rally days last week and managed to end the week flat amid a mixed performance among underlying names.

Among stocks on our List, Biogen (**BIIB**) is in the most bullish position after closing the week above each of its moving averages with the MACD posting a bullish crossover (black line up through the red). The company received news on Friday that their Alzheimer's drug received FDA support which clears the way for full approval. Trading in BIIB was suspended on Friday due to the meeting and we expect a move higher on at least Monday following the news.

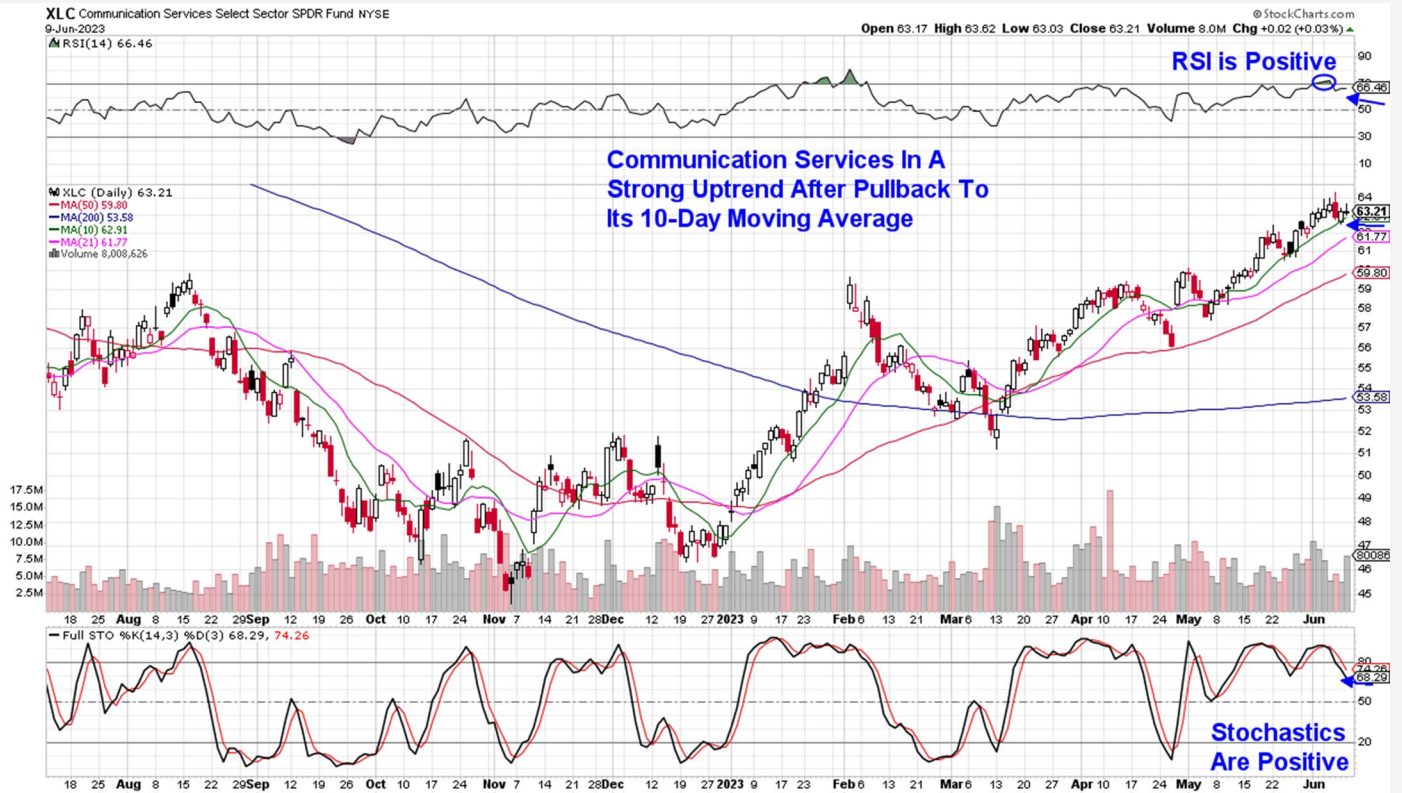
Astrazeneca (**AZN**) has a similarly positive chart after closing above each of its moving averages with a positive RSI and newly positive MACD. The company also has positive FDA related news with a panel backing approval of the RSV drug. AZN is in a buy zone.

Intuitive Surgical (**ISRG**) recovered from a pullback below its 21-day moving average to close the week in a bullish position above its 10-day moving average with a positive RSI and MACD. The stock is in a buy zone with a bullish MACD crossover putting it into a strong buy zone. (black line up through the red).

Vertex (**VRTX**) ended a very choppy week with a positive close back above its 50-day moving average on news that their collaborative drug with Crispr (**CRSP**) may be approved as early as December. This is very positive news for the company.

VRTX would need to trade above its 21-day moving average with a positive MACD posting in order to be in a buy zone. The stock is exhibiting positive price action and can be held until then. A more positive position of the overall Biotech group (using IBB) would also be constructive for VRTX.

Communication Services Select Sector SPDR Fund (XLC)



Communication Services Sector Pulls Back Slightly

The Communication Services sector remains in a confirmed uptrend helped by a rally in Netflix (NFLX) which buffered a pullback in other heavyweight names.

Alphabet (GOOGL) pulled back to its 21-day moving average last week in a move that had the stock ending the week down 2%. The pullback is in line with a

consolidation period after last month's AI fueled 14.5% gain.

GOOGL's May rally was sparked by the company's May 11th developer conference where they announced AI integrations into all search products which is expected to improve their growth. GOOGL can be bought on a move above \$124 which is its 10-day moving average.

Summary

Last week, the S&P 500 confirmed its breakout above the 4200 level and is now very close to a breakout above the 4300 which is the next area of resistance and is only 2 points away. A move above this level would be quite bullish for the prospects of a continuation rally.

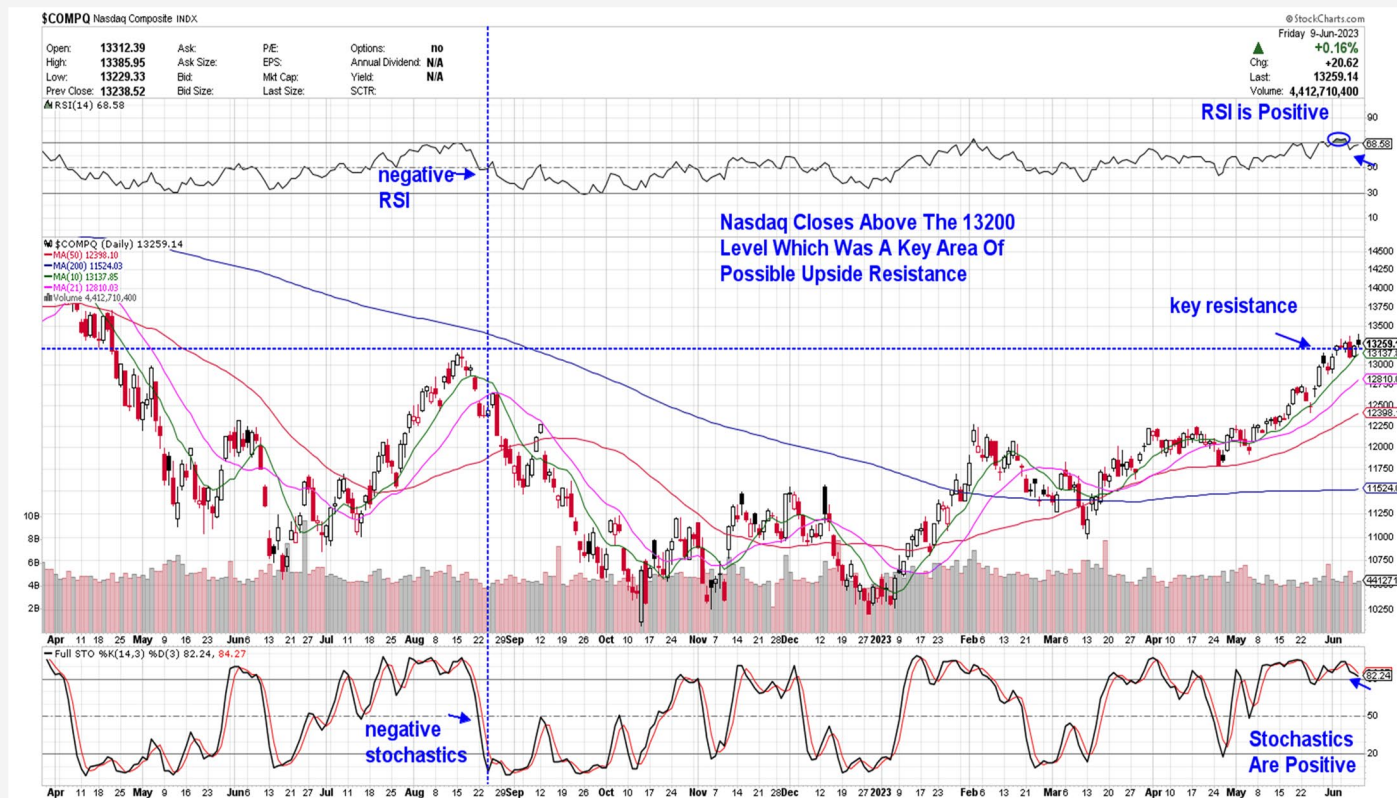
Breadth in the markets expanded further this week with Small Cap stocks adding to the prior week's gains which puts them at a 6.5% advance for the month so far. Cyclical areas such as Industrials and Materials also added to their month-to-date gains with a broadening out of participation that is healthy for the markets.

The Nasdaq pulled back slightly but remains in a leadership position with last week's top 15 gainers including TSLA, AMD and BILB from our Suggested Holdings List to name a few. The Index has been able to close above its key 13200 level which is quite positive.

While the markets are currently in a bullish position to trade higher, cautiousness is warranted as we head into next Wednesday's interest rate decision with Powell's comments expected to have the most impact. Investors will be looking for information regarding future monetary policy and any hint of a rate hike in July would not be positive. In addition, key inflation data will be released with Core CPI and PPI reports for May due on Tuesday and Wednesday.

As cited in earlier reports, the shift into a new bull phase in the markets is marked by the removal of the event or policy which put the markets into a bear phase. At this time, we're on the lookout for inflation to subside as high inflation - and subsequent high interest rates to combat it - are what pushed the markets into bear market status in 2022.

Daily Chart of NASDAQ Composite (\$COMPQ)



Daily Chart of Intapp Inc. (INTA)



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						
KBH	K B Home	\$41.70	4/23/2023	14.5%	-	Residential Builder
SKX	Sketchers USA	\$54.20	6/7/2023	-0.5%	-	Footwear
TSLA	Tesla	\$214.00	6/4/2023	14.0%	-	Auto Manufacturer
WING	Wingstop Inc.	\$157.80	1/29/2023	20.0%	Aug 9	Retail Restaurant

COMMUNICATION SERVICES						
GOOGL	Alphabet	\$108.80	4/16/2023	14.0%	June 16	Internet Content

HEALTHCARE						
AZN	AstraZeneca ADR	\$72.30	4/9/2023	0.0%	-	Medical Diversified
BIIB	Biogen	\$318.00	5/7/2023	8.5%	-	medical Biotech
ISRG	Intuitive Surgical	\$300.22	4/23/2023	2.5%	-	Medical Equipment
VRTX	Vertex Pharmaceuticals	\$333.80	6/4/2023	0.0%	Aug 1	Medical - Biomed

TECHNOLOGY						
AAPL	Apple	\$160.30	3/26/2023	14.0%	-	Telecom - Cons Products
ACLS	Axcelis Technologies	\$137.00	5/17/2023	24.5%	Aug 4	Semiconductor
AMD	Advanced Micro Devices	\$127.00	5/29/2023	-1.0%	Aug 3	Semiconductor
AVGO	Broadcom	\$657.50	5/17/2023	22.0%	Aug 2	Semiconductor
DDOG	Datadog	\$81.80	5/10/2023	11.0%	Aug 4	Software
INTA	Intapp Inc.	\$44.00	6/11/2023		Aug 8	Software
MSFT	Microsoft	\$276.20	3/16/2023	15.5%	-	Software
UBER	Uber Technologies	\$437.80	5/7/2023	9.0%	Aug 2	Software
NVDA	Nvidia Corp	\$178.40	1/22/2023	83.5%	May 4	Semiconductor

FINANCIALS						
CMA	Comerica	\$43.80	6/7/2023	-	-	Banks - Regional

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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