



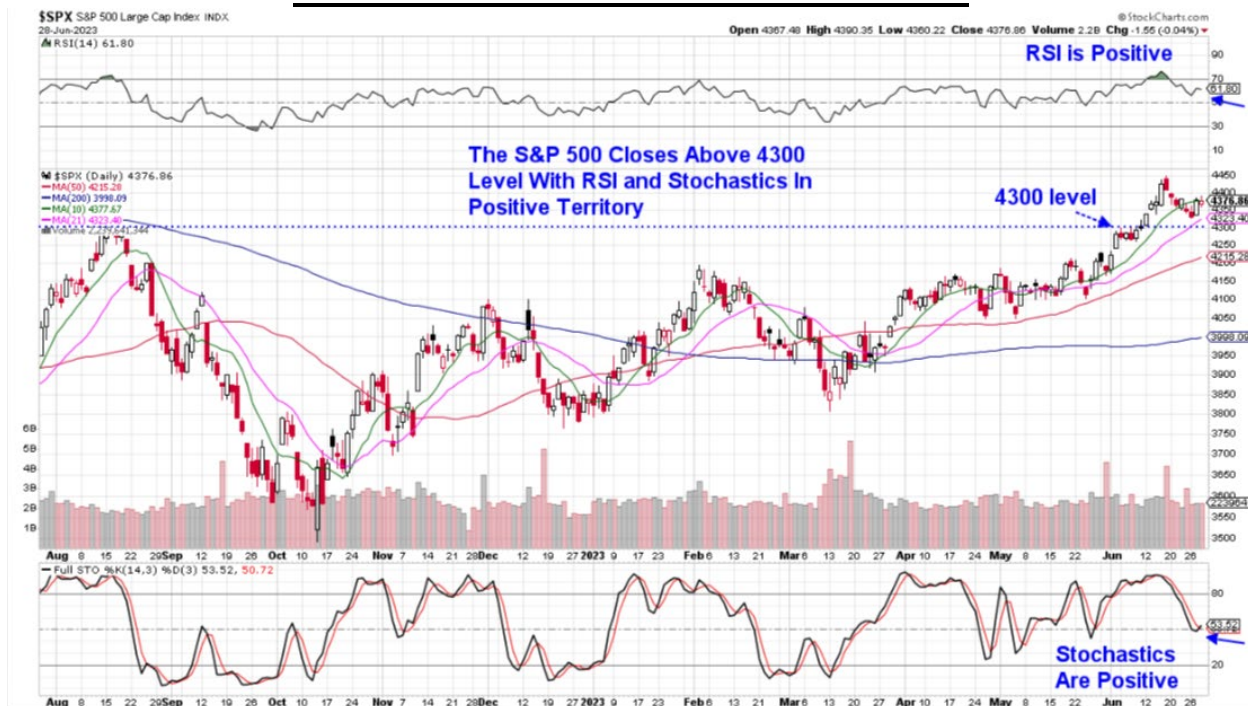
THE MEM EDGE

Midweek Report

Wednesday June, 28, 2023

- May Durable Goods Orders Show Manufacturing Side Of Economy Is Flat
- May New Home Sales Surge For 3rd Month In A Row
- Consumer Confidence Jumps To 14-Month High Amid Receding Inflation
- Powell Rate Comments Cool Today's Rally
- Fed Chair Powell Speaking and Q1 GDP Revision Thursday
- Core PCE Data On Friday
- Adding Lam Research (LRCX) and Chipotle (CMG) To Suggested Holdings List

DAILY CHART OF S&P 500 INDEX





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The S&P 500 recovered from a Monday loss to post a 0.7% gain for the week. The move higher has put this Index just below its 10-day moving average with the RSI and Stochastics in positive territory. The uptrend in this Index remains in place.

Should we experience any pullback, the 4300 level is the first area of possible support which is 1.7% away.

The Nasdaq posted a 0.7% gain as well, after recovering from a pullback to its 21-day moving average where this Index found support. With the RSI and Stochastics in positive territory, the uptrend remains in the Nasdaq.

The biggest gainers this week have been last week's largest losers with Energy and REIT stocks outperforming followed by Materials and Industrials which had each underperformed last week.

Technology stocks were mixed with heavyweight names Microsoft (MSFT) and Alphabet (GOOGL) underperforming while Semiconductor and select Software stocks are faring better than the markets.

Among the Semiconductor stocks on our List, Axcelis Technologies (**ACLS**) is in a strong buy zone after a 3.8% rally that puts this stock back above its 10-day moving average. The provider of needed equipment for AI adoption has seen its earnings estimates revised higher for next year.

Broadcom (**AVGO**) is 0.7% away from a similarly bullish close above its 10-day moving average and a move above \$854 would



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put the stock into a strong buy zone. The stock received a price target upgrade to \$1050 ahead of this week's rally.

Nvidia (**NVDA**) appears to be in the beginning stages of a period of consolidation after the stock's rally to a new high in price on June 20th. At this time, NVDA is finding support at its 21-day moving average which is good news. The next area of possible support is its 50-day moving average which is over 20% away.

A close look at **NVDA**'s daily chart shows that if the stock closes below the 21-day mav, it can be held if the RSI remains in positive territory.

Today we're adding Lam Research (**LRCX**) to the Suggested Holdings List after yesterday's 1-month base breakout at \$645. The move puts the MACD on the cusp of a bullish crossover (black line up through the red) which would confirm its near term uptrend. The stock can be bought on any pullback into the \$630 range at its 5-day mav.

Software stocks also outperformed led by select names such as Uber (**UBER**) from our List which continues to trend higher with pullbacks to its 10-day moving average being an ideal entry point. UBER is in a buy zone as the stock received 2 price target upgrades to as high as \$55 per share.

Microsoft (**MSFT**) is flat for the week as it continues to remain below its 10-day moving average. A close above this mav at the \$337 level would put the stock into a strong buy zone as the RSI remains in a positive position.



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Apple (**AAPL**) remains in a confirmed uptrend and is poised for further upside as it finds support above its 5-day moving average.

Consumer Discretionary stocks are outperforming led by continued gains in Cruise stocks. Auto stocks (ex TSLA) are also on the rise as Durable Goods data for May show that orders for autos remain strong.

Tesla (**TSLA**) from our List is flat for the week following analyst downgrades. As noted over the weekend, the stock was due a pullback after a move higher that began in late May. **TSLA** found support at its 21-day moving average and a move above \$258 would put the stock into a strong buy zone. (its 10-day moving average.)

Housing stocks are also on the move higher following news that new home sales in May surged for the 3rd month in a row.

Recently added Meritage Homes (**MTH**) has gained 2% for the week with a pullback to its 5-day moving average at \$137 putting the stock being an ideal buy point. KB Homes (**KBH**) may be in the beginning stages of a period of consolidation after sharp gains this month. The uptrend remains in place for the stock.

Deckers (**DECK**) broke out of a 2-week base today and into a buy zone after a 2.5% rally. Tomorrow, bell whether athletic footwear company Nike (NKE) will report earnings and the report as well as management's growth guidance going forward may impact DECK.

Today we're adding Chipotle (**CMG**) to our Suggested Holdings List after today's rally puts the stock closer to a base breakout at



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the \$2150 level. The MACD on the daily chart is a hair away from a positive crossover which would confirm its near term uptrend.

Healthcare stocks are underperforming however, Intuitive Surgical (**ISRG**) posted a 2-week base breakout today which puts the stock into a strong buy zone. Vertex (**VRTX**) is also in a buy zone as the stock finds support above its 5-day moving average.

The markets continue to exhibit resilience in the face of comments from Fed Chair Powell today who stated that he is not ruling out back to back interest rate hikes in an effort to tame a stubbornly high inflation rate.

On Friday, the market's resilience will be tested as the Fed's preferred gauge of inflation - Core PCE data - will be released. Any number above the expected 0.3% consensus estimate may spark fears of further rate hikes and hence, a possible recession.

For now however, the broader markets remain in an uptrend with select stocks such as those we've highlighted, being in strong buy zones.

Warmly,
Mary Ellen McGonagle
Editor, MEM Edge Report