

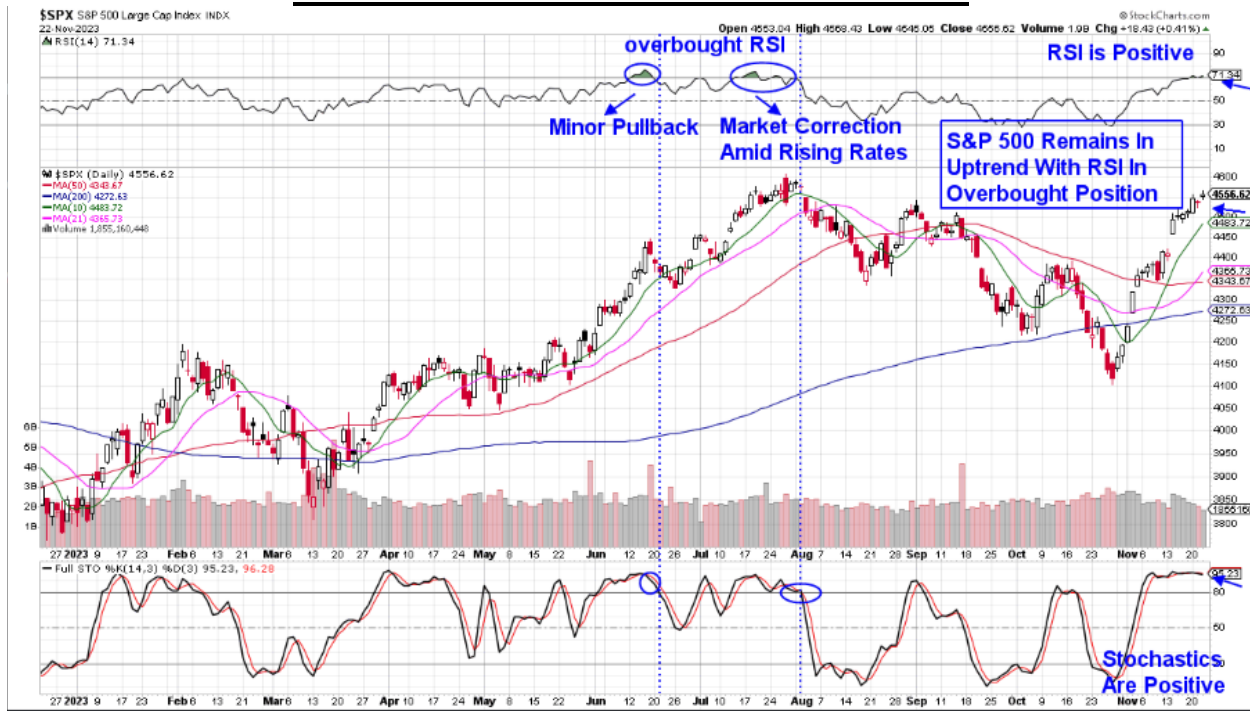


THE MEM EDGE

Midweek Report

Wednesday, November 22, 2023

DAILY CHART OF S&P 500 INDEX



The S&P 500 has rallied 1% this week in a move that keeps the near and longer term uptrend in place. The gains have pushed the RSI into an overbought position and as highlighted in the chart above, if the RSI continues to move higher, we can anticipate a pullback. This would be signaled by heavy volume selling and the Stochastics trending downward.

For now, the uptrend remains in place and we'll of course keep you alerted to any shift. At this time, we would view any pullback as a buying opportunity.



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The Nasdaq has gained 1% as well, with its uptrend firmly in place. This Index was led higher by outperformance in several of the Magnificent Seven stocks as well as select Software names.

Again, declining yields have been the driver of upside price action in the markets. On Monday, the Treasury's 20-year bond auction saw strong demand which indicates that investors believe that the Federal Reserve is at the end of their rate hike cycle.

Both the Nasdaq and the S&P 500 are now in a "power trend" which we reviewed in our report from Sunday, as the 21-day moving average closed above an upward trending 50-day moving average. The last time this occurred was late March and it preceded a lengthy uptrend. However, the RSI was not in an overbought condition at that time.

Among stocks on our Suggested Holdings List, each of our Software stocks outpaced the group led by monday.com (**MNDY**) which broke out of a cup with handle base on heavy volume today. The stock is continuing to advance after posting very strong earnings earlier this month that were 200% above estimates with management guiding growth estimates higher into next year. **MNDY** is in a strong buy zone.

Adobe posted similar gains with the stock remaining in a confirmed uptrend. (**ADBE**) can be bought on a pullback to its 5-day moving average in the \$610 range. The company is due to report their quarterly results in 3 weeks.



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ServiceNow (**NOW**) continues to trend higher as it finds support at its upward trending 5-day moving average. The stock is in an overbought position on its daily chart however, we're using the late May period as precedence and the RSI can remain overbought as the stock continues to gain. **NOW** is in a buy zone.

Microsoft (**MSFT**) hit a new high in price this week as it moves higher on above average volume. While the Sam Altman/Open AI drama has made headlines, **MSFT**'s investment as well as Altman's return to his former position, is being viewed as the best possible outcome for Microsoft. The stock is in a buy zone.

Semiconductor stocks are flat for the week amid a pullback in Nvidia (**NVDA**) despite posting a blowout quarter. Instead, investor's focus is on reduced chip sales to China due to restrictions. The stock remains in an uptrend and a close back above its 10-day moving average at \$490 would put NVDA into a buy zone.

We're on the lookout for a MACD crossover on the weekly chart which would buy NVDA into a strong buy zone and improve the longer term outlook for this stock.

Advanced Micro (**AMD**) posted a cup with handle base breakout today which followed HP's earnings report where management spoke optimistically about demand in the PC market. AMD is a major provider of chips for PC's. The stock is in a strong buy zone.



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Among FAANMG stocks, Netflix (**NFLX**) has been the top performer as the stock continues to benefit from Bank of America's addition of the stock to their top tier buy list. The stock remains in an uptrend and can be bought in the \$472 range at its 5-day moving average.

Meta Platforms (**META**) is also outperforming amid a substantial price target upgrade from Wall Street. The stock is in a strong buy zone with the weekly chart posting a MACD crossover which is very constructive for the longer term outlook.

Amazon (**AMZN**) from our List is also in a strong buy zone with the weekly chart posting a bullish MACD crossover.

Housing and Bank stocks - both which rallied with last week's sharp drop in interest rates - are trending sideways this week as is the yield on the 10-year Treasury. Each of the names on our List in these areas can be held.

While many of the stocks from our Suggested Holdings List are outpacing the broader markets, activity outside of these names is relatively quiet with the Equal Weighted S&P 500 (\$SPXEW) underperforming for the week.

The price action is typical of a holiday week and we anticipate the markets to pick up next week as we go into the end of November. We'll elaborate further in our Sunday MEM Edge Report.

Warmly,
Mary Ellen McGonagle
Editor, MEM Edge Report