



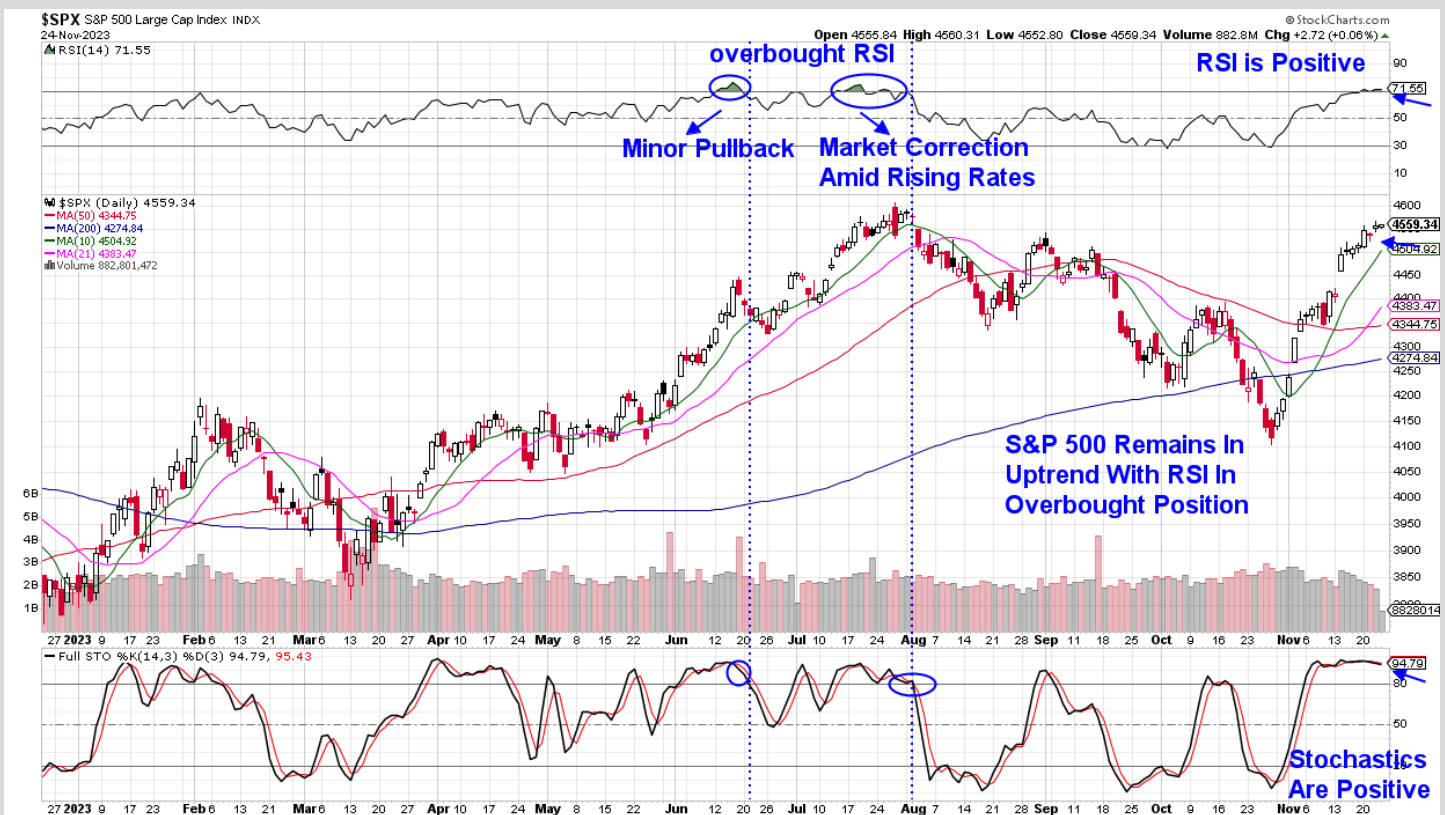
THE MEM EDGE

November 26, 2023 | Weekly Report

This Week's Highlights

- Interest Rates Fall After Successful Treasury Bond Auction
- Nvidia (NVDA) Pulls Back As Investors Worry About China Growth Outlook
- Markets Continue To Broaden Out In Support Of Continuation Rally
- Impactful Inflation Data Due With October PCE Index To Be Released On Thursday
- Third Quarter GDP, Personal Income & Spending As Well As Speeches From 5 Fed Governors And Fed Chair Powell Next Week

Daily Chart of S&P 500



The S&P 500 has rallied 1% this week in a move that keeps the near and longer-term uptrend in place. However, the gains have pushed the RSI into an

overbought position and if it continues to move higher, we'll be on the lookout for a pullback.

Using the late June and early August period as precedence, a pullback would be signaled by heavy volume selling coupled with the Stochastics trending downward.

For now, the uptrend remains in place and we'll keep you alerted to any negative shift in sentiment. At this time, we would view any pullback as a buying opportunity unless interest rates begin trending higher again. Higher rates would be a negative for the markets.

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 and Medical Products names.

Again, yields were the driver of price action in the markets. On Monday, the Treasury's 20-year bond auction saw strong demand as Institutional investors bought longer-term issues in anticipation that the Federal Reserve is at the end of their rate hike cycle. This in turn pushed yields lower, which helped spark a Monday rally.

The markets traded mostly sideways for the remainder of the week.

Both the Nasdaq and the S&P 500 are now in a "power trend" 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 is currently in an overbought position which was not the case in late March. This current condition may temper the length of this power trend.

(*A power trend is a signal developed by the research team at Investors Business Daily, where 5

bullish criteria are used to signal a significant near-term uptrend.)

Among impactful news, Nvidia's (**NVDA**) highly anticipated earnings report took place on Tuesday and the stock pulled back despite posting another blowout quarter. Headlines pointed to disappointment surrounding the company's lack of visibility regarding the impact of export curbs to China. Overall, Semiconductor stocks were flat for the week.

Economic news on Friday pushed yields up slightly as weekly jobless claims decreased to a surprisingly low level. The Federal Reserve is on the lookout for a slowdown in the economy and higher unemployment, before halting their rate hike campaign.

Next week we'll receive more clues regarding the state of the U.S. economy as plenty of impactful economic data will be released. Among them is Q3 GDP, Personal Income & Spending, and most key, core PCE Price Index due out on Thursday. This is the Fed's preferred measure of inflation.

In addition, the earnings calendar will feature some high-profile reports which we'll review below.

Last week, the Healthcare sector was the top performing with a 2.3% rally led by a turnaround in a number of Medical Products stocks. The rally pushed this sector into an uptrend where it joined six of the eleven other sectors which are already in uptrends.

This broadening out of participation within the markets is very constructive for a continuation rally and at this time, only defensive areas such as Staples, Utilities, and REITs - remain in a downtrend.

Among the markets Indices, the broadly diversified Dow Jones Industrial Index is now the closest to reaching its all-time high from late 2021 as it's 3.5% away. This Index did not trade as high as, or sell off as much, as the high growth Nasdaq however.

That said, within the Dow Jones Average, Boeing (**BA**), McDonald's (**MCD**), Home Depot (**HD**), and Disney (**DIS**) have entered uptrends with Visa (**V**) breaking out of a base and Salesforce (**CRM**) and United Healthcare (**UNH**) approaching a base breakout. In addition, IBM (**IBM**) has hit a new high. This strength in stocks among various sectors exemplifies the broad-based rally currently in place in the markets.

Among each of the broader market Indices, the weekly charts point to longer-term upside as well, with the Stochastics now in positive territory, joining the already positive RSI.

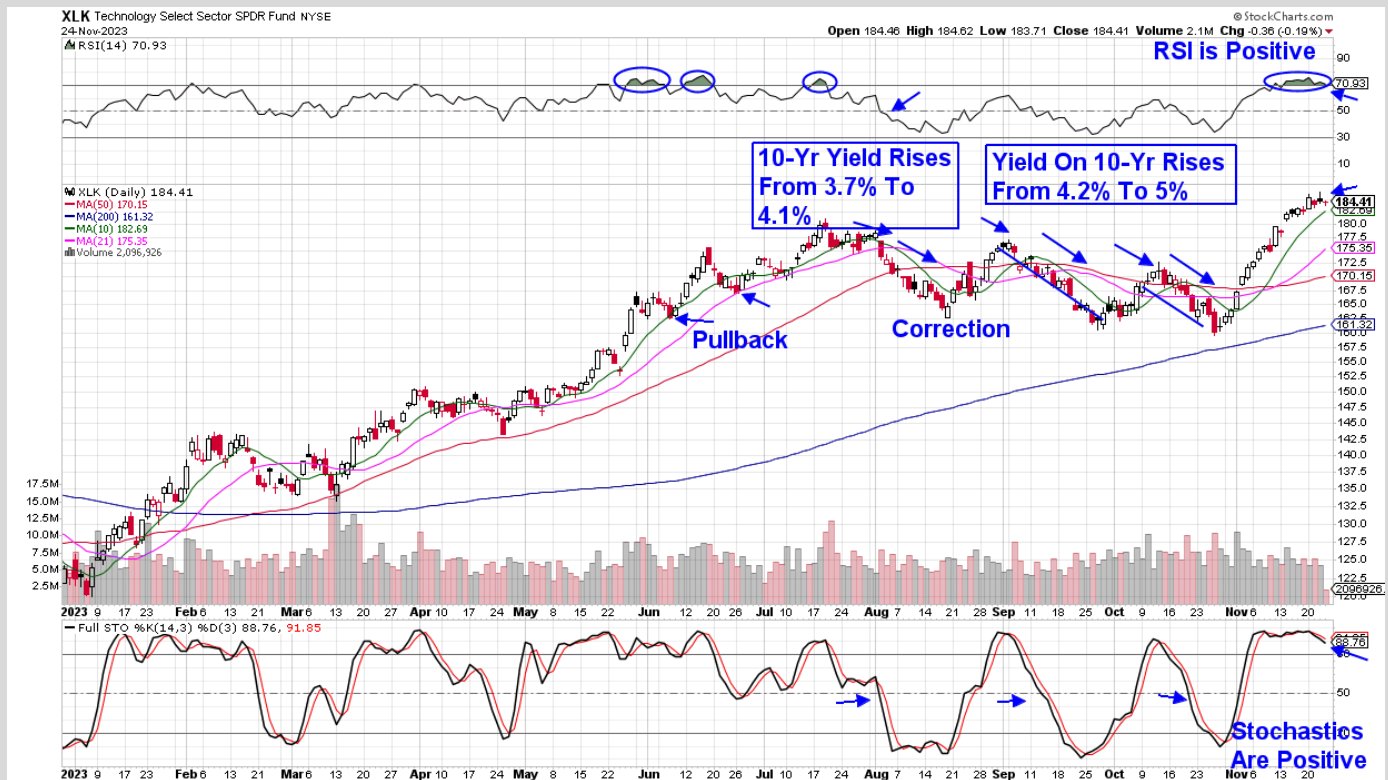
The last time this longer-term bullishness occurred was in January of this year with prior precedence being April 2020, coming out of the bear market. Of note is that these Indexes were above their key moving averages when their momentum indicators turned positive on the weekly chart which paved the way for a further uptrend.

Last week's rally in the markets took place on the heels of softer-than-expected inflation data the prior week, which sent yields down sharply as investors now anticipate a halt to Fed rate hikes. Interest rates remained steady last week with all eyes on the PCE Price Index data next week.

At this time, we remain bullish on the prospects for the markets both near and longer term however, interest rates will remain the key driver of price action. Next week's full economic calendar may cause near-term speed bumps should we experience any signs of faster growth in the economy or higher inflation.



Daily Chart of the Technology Sector (XLK)



Technology Sector Remains At New High In Price

The Technology sector traded in line with the markets, as a rally in heavyweight Microsoft (**MSFT**) and other select Software stocks was offset by a flat performance in Semiconductors last week.

Tech stocks are due a period of consolidation as the sector sits at new highs after outperforming all other sectors in the month of November. Tech stocks are in an overbought position from which historically, a pullback will occur. As highlighted in the chart above, the trigger for any pullback has been an increase in interest rates.

Last week, Software stocks outpaced the sector led by monday.com (**MNDY**) which broke out of a cup with handle base on heavy volume Wednesday. The stock is continuing its advance after posting very

strong earnings on November 13th that were 200% above estimates with management guiding growth estimates higher into next year. **MNDY** is in a strong buy zone as it finds support at its 5-day moving average.

Adobe (**ADBE**) posted similar gains with the stock remaining in a confirmed uptrend as it finds support at its upward-trending 5-day moving average. (**ADBE**) can be bought on a pullback to this moving average in the \$613 range. The company is due to report their quarterly results in 2 ½ weeks.

ServiceNow (**NOW**) also outperformed as the stock continues to trend higher while finding support at its upward-trending 5-day moving average. **NOW** 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 Thursday 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 at Open AI, is being viewed as the best possible outcome for Microsoft. The stock is in a buy zone.

CrowdStrike (**CRWD**) is due to report their quarterly results on Tuesday after the market closes. While **CRWD** traded higher after last quarter's report of triple-digit earnings, the stock is now trading at a near-term high which puts it in a position to trade lower on any results that are less than stellar.

Additional well-known Software stocks are also due to report their quarterly results such as Salesforce (**CRM**) and Zscaler (**ZS**). Both stocks are widely owned and trading close to near-term highs. This may limit their upside depending potential and in turn, impact the group.

Semiconductor stocks traded flat for the week amid a pullback in Nvidia (**NVDA**) despite posting a blowout quarter. Instead, investors focused on reduced chip sales to China due to restrictions. Thursday's announcement that they're delaying the launch of their specific AI chips for China that are being produced to override strict restrictions also hurt **NVDA**.

We would not be a buyer on last week's pullback and instead would look for a close back above its 10-day moving average at \$491 which would put **NVDA** into a buy zone.

At this time, the RSI for **NVDA** is poised to turn negative which historically, has preceded further downside while the MACD may post a negative crossover as well.

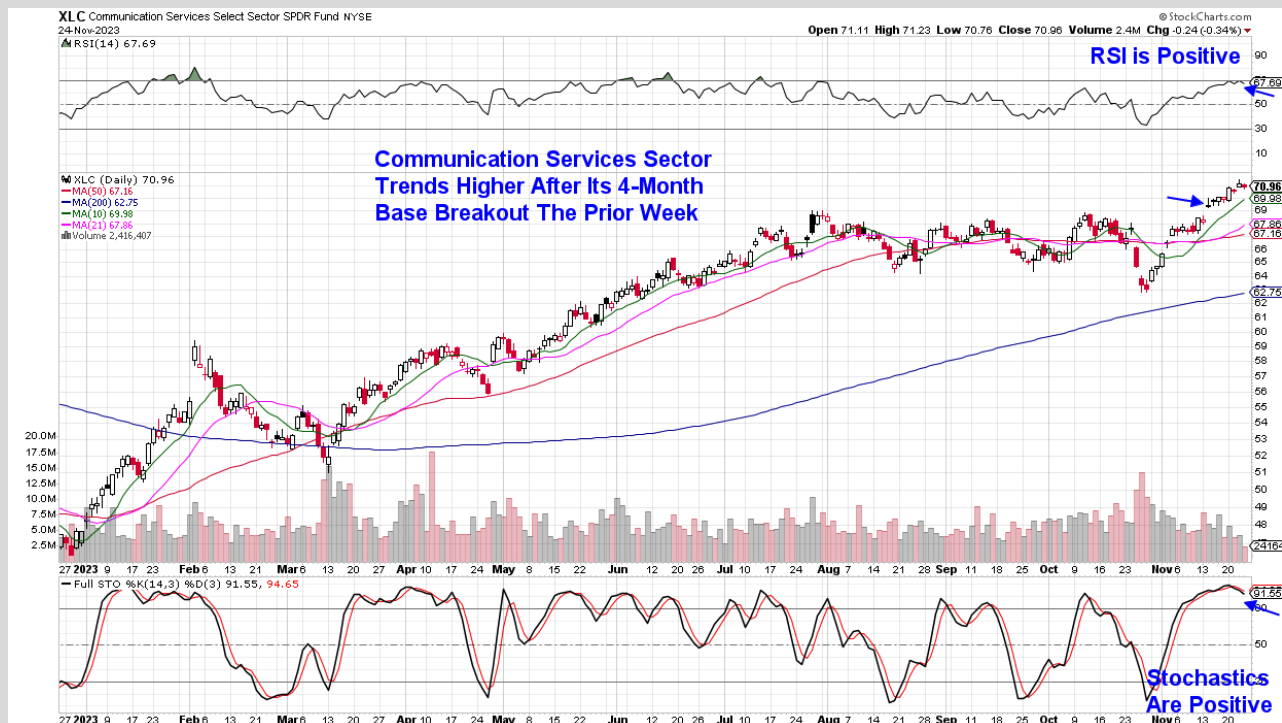
On the weekly chart, **NVDA** is poised to post a bullish MACD crossover which would put the stock into a strong buy zone however, the potential for a near term pullback on the daily chart may postpone this possibility.

Advanced Micro (**AMD**) posted a cup with handle base breakout on Wednesday which came after **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 buy zone on both the daily and weekly charts which bodes well for the longer-term outlook.

While Marvel Technology (**MRVL**) was flat for the week, the stock continues to remain above its 5-day moving average with a positive RSI and MACD. **MRVL** is due to report earnings on Thursday after the market closes and any numbers that are above the expected year-over-year decline could easily push the stock higher.

Last week's sideways price action in Semiconductor stocks occurred on light volume and allowed the group's RSI to decline out of an overbought position. (using ETF SOXX) The group was a top performer this month and due a period of reprieve. On the weekly chart, **SOXX** is poised to post a MACD crossover which would be very positive for the longer-term outlook.

Daily Chart of the Communication Services Sector (XLC)



Communication Services Sector Outperforms

Internet Related stocks provided a boost for the Communication Services sector with heavyweights Netflix (**NFLX**), Alphabet (**GOOGL**) and Meta Platforms (**META**) each outperforming for the week.

Netflix (**NFLX**) has been a top performer of late as the stock continues to benefit from a Wall Street upgrade to their top-tier buy list. The bullish outlook is due to the company's successful strategy of eliminating the sharing of subscriptions, as well as their continued growth globally.

NFLX is very close to a 4-month base breakout at \$475 as it remains in an uptrend. The weekly chart also looks very positive. The stock 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

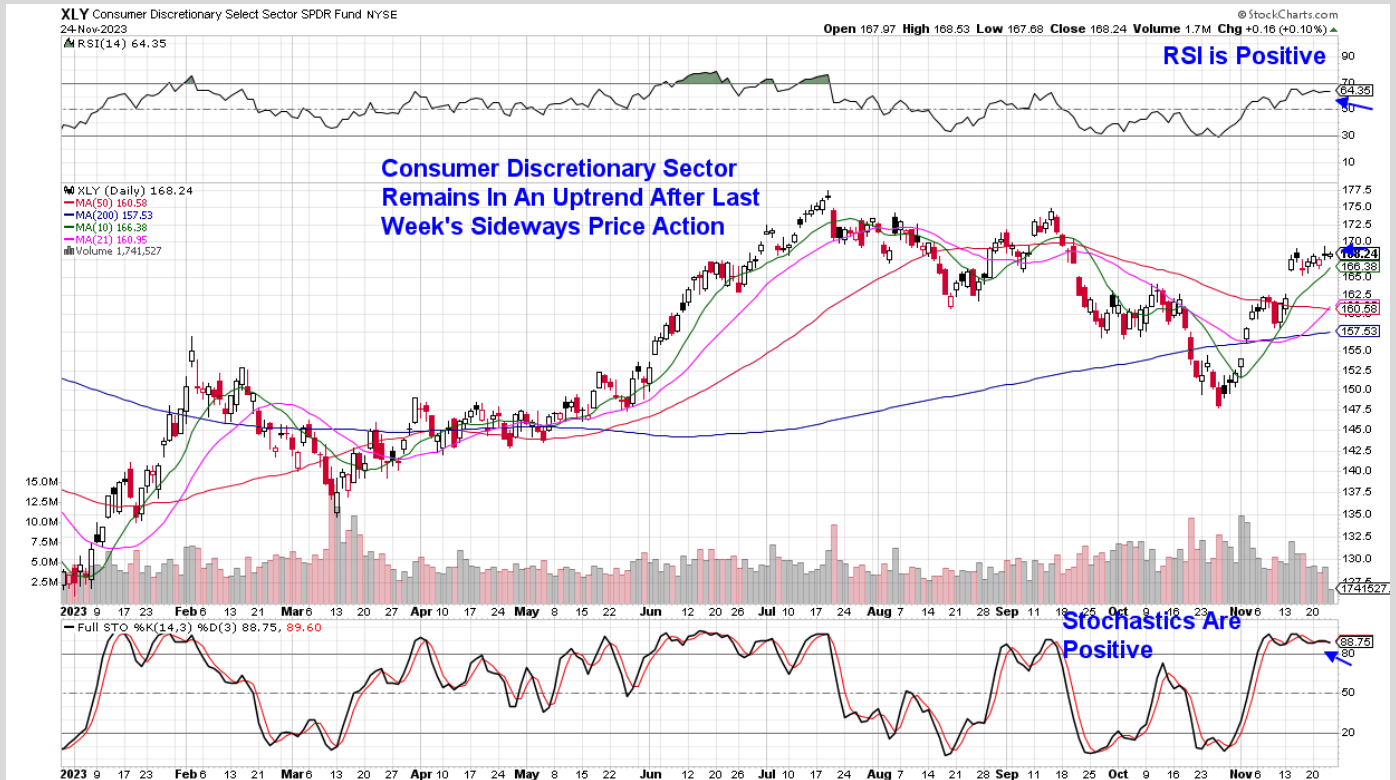
chart posting a MACD crossover which is very constructive for the longer-term outlook.

This week, we're adding ARK Next Generation Internet ETF (**ARKW**) to our Suggested Holdings List as it holds streaming entertainment provider Roku (**ROKU**) as a top position. Outside of stocks in the Internet related area, Coinbase (**COIN**) is also a top holding as is Grayscale Bitcoin (**GBTC**). Tesla (**TSLA**) also holds a heavy weighting.

ROKU is very close to a 4-month base breakout while **COIN** posted a breakout on Friday, on above-average volume. **GBTC** has been on the move higher as well, amid the approval of several cryptocurrency ETFs from reputable firms.

The ETF is in a confirmed uptrend as it finds support at its upward-trending 5-day moving average. The ETF can be bought in the \$63 range on any pullback to its 5-day mav.

Daily Chart of Consumer Discretionary Sector (XLY)



Consumer Discretionary Sector Underperforms Amid Consolidation

Consumer-related stocks remain in an uptrend despite the group underperforming for the week. This sector has been a top performer this month as strong earnings have pushed some Retail stocks into uptrends while lower interest rates have given a boost to areas such as Home Builders.

Heavyweight name Amazon (**AMZN**) is in a strong buy zone after last week's 1% gain kept the stock in a 14-month base breakout at the \$146 level. The longer-term weekly chart is also positive after posting a bullish MACD crossover.

While **AMZN's** retail division contributes to the bottom line, the company's cloud computing division has been the real driver of profits. **AMZN's**

integration of AI services into e-commerce and advertising is expected to provide additional opportunities for growth going forward. Wingstop (**WING**) continues to trend higher with a 2.5% rally that added to the prior week's 6 ½ month base breakout at \$223. The stock remains in a confirmed uptrend as it finds support at its upward-trending 5-day moving average at \$232 however, the RSI is in an overbought position that's not been seen since April 2020.

Nearterm, **WING** remains in an uptrend and can be bought in the \$223 range however, a MACD crossover on its daily chart would signal at least a pause if not a pullback. This would be similar to its May 2020 period.

Housing stocks trended sideways for the week amid news that existing home sales in October dropped to their lowest level since 2020. The group was also consolidating after broad-based gains in November that took place due to declining interest rates and generally strong quarterly results.

M/I Homes (**MHO**) outperformed its peers with a 1.6% advance that helped push the MACD into a bullish crossover on the weekly chart. This is positive for the longer-term outlook for the stock. **MHO** remains in a buy zone as it continues to advance after its cup with handle base breakout the prior week.

Toll Brothers (**TOL**) is also in a confirmed uptrend as it remains above its key moving averages after its prior week cup with handle base breakout. **TOL** is due to report their quarterly results early next month. Both **MHO** and **TOL** are in a buy zone.

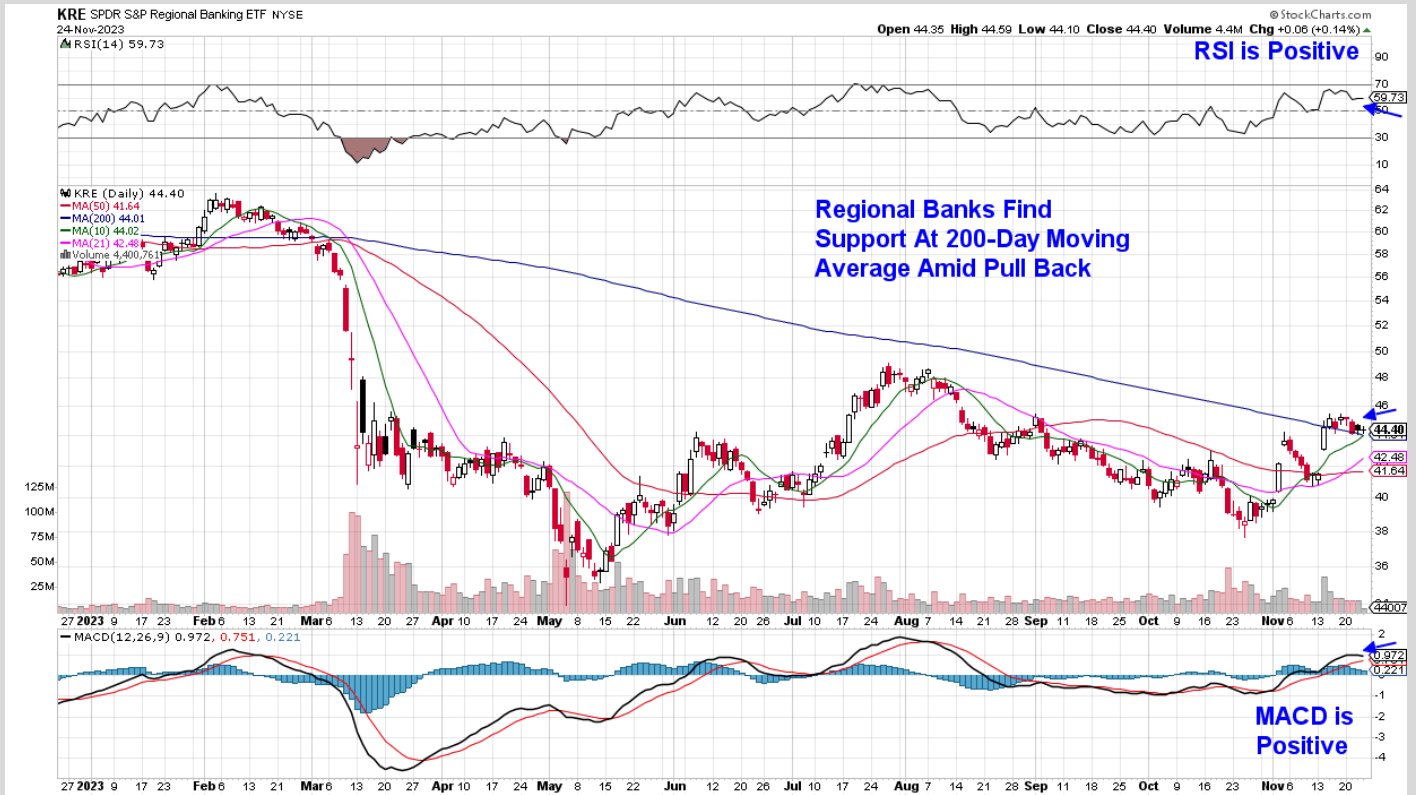
On Monday, new home sales data will be released and the results are expected to impact home-building stocks such as those on our List. At this time, analysts are expecting a slowdown relative to October of last year.

Last week, a number of well-known retailers reported earnings as has been the case this earnings season, down and out stocks that had any hint of good news traded higher - such as Burlington (**BURL**) while stocks that were sitting at near-term highs sold off despite strong earnings as investors focused on faults elsewhere - such as American Eagle (**AEO**).

Overall, the S&P Retail group gained 1% which puts the group into an uptrend. (using ETF XRT).



Daily Chart of the S&P Regional Banking ETF (KRE)



Financial Sector Continues To Trend Higher

Financials remain in an uptrend despite underperformance in the group led by a pullback in Bank and Mortgage Finance stocks.

Regional Banks as shown in the chart above, pulled back almost 2% as the group digests gains from earlier this month which have occurred amid a bullish backdrop of falling interest rates. The group appears to have stalled near term as earnings reports are mostly behind it.

Among Bank stocks on our List, Popular, Inc. (**BPOP**) outperformed its peers with a smaller pullback that has the stock finding support at its upward trending 10-day moving average. The weekly chart is quite constructive, with the RSI and MACD in positive

territory with the stock poised for a 3-month base breakout.

East West Bancorp (**EWBC**) has a similarly positive weekly chart with the MACD just entering positive territory. On the daily chart, the stock has pulled back to an upward-trending 10-day moving average.

While both stocks are in a bullish position, weak momentum in the group points to further sideways price action over the near term. **EWBC** and **BPOP** can be held.

Summary

November has been a bullish period for stocks as the markets responded to a decline in interest rates that followed a report of weaker-than-expected inflation. The Technology sector has been the top performer however, a turnaround in Consumer Discretionary, Financials, and other sectors has brought about a broadening out of participation beyond the Mega-Cap Growth stocks that dominated the tape earlier this year.

Historically the markets fare well in December as over the past 30 years, gains have been posted 75% of the time. This seasonal trend will easily be supported if we see a continued slowdown in inflation coupled with interest rates trending lower. Next week may well set the pace given the key data that's due to be released ahead of the Federal Reserve's next meeting on December 12-13.

Another potential driver for the markets is the fact that investors are currently holding a record amount of cash as high-yielding savings and money market accounts have been seen as a safe haven during several uncertain periods for the markets this year.

Putting this cash to work in stocks as investor confidence grows amid a decline in interest rates, would be a big boost for the markets. At this time, we are bullish on both the near and longer-term prospects for the markets and we anticipate continuing to add stocks to our Suggested Holdings List as this week unfolds.

Daily Chart of the ARK Web x.0 ETF (ARKW)



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	INDUSTRY GROUP
CONSUMER DISCRETIONARY					
AMZN	Amazon	\$138.60	11/5/2023	5.5%	Retail - Internet
MHO	M/H Homes	\$94.80	11/5/2023	11.5%	Home Builder
TOL	Toll Brothers	\$85.20	11/15/2023	0.5%	Home Builder
WING	Wingstop	\$206.80	11/5/2023	13.5%	Retail - Restaurant
FINANCIAL					
BPOP	Popular, Inc.	\$72.70	11/15/2023	-1.0%	Regional Bank
EWBC	East West Bancorp	\$61.90	11/15/2013	-1.0%	Regional Bank
TECHNOLOGY					
ADBE	Adobe	\$563.00	11/5/2023	10.0%	Software
AMD	Advanced Micro Devices	\$118.50	11/12/2023	3.0%	Semiconductor
CRWD	Crowdstrike	\$176.70	10/8/2023	19.0%	Software
MNDY	Monday.com	\$163.70	11/14/2023	7.0%	
MRVL	Marvel	\$57.00	11/14/2023	-1.0%	
MSFT	Microsoft	\$327.30	10/8/2023	15.0%	Software
NOW	ServiceNow	\$606.70	11/5/2023	10.5%	Software
NVDA	Nvidia	\$450.00	11/5/2023	6.5%	Semiconductor
COMMUNICATION SERVICES					
META	Meta Platforms	\$315.40	10/8/2023	7.5%	Internet-Content
NFLX	Netflix	\$432.30	11/5/2023	10.5%	Internet-Content
ARKW	ARK Innovation ETF	\$44.88	11/26/2023		Internet ETF

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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