



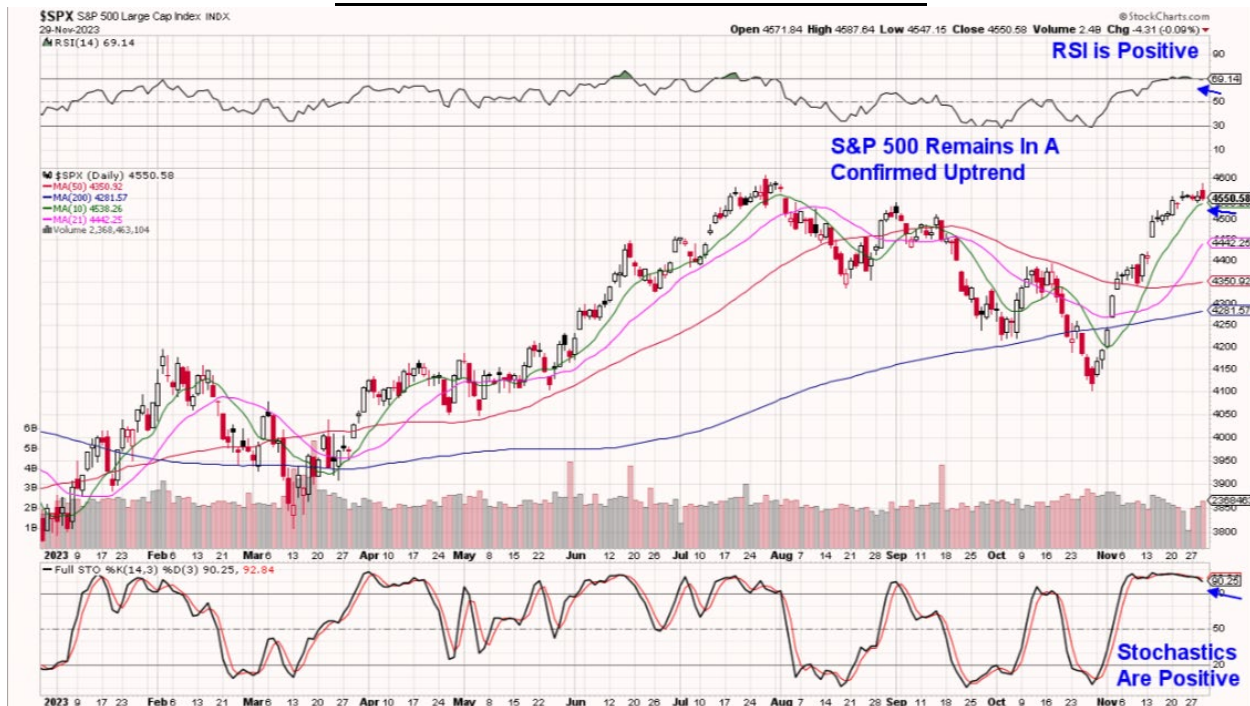
# THE MEM EDGE

Midweek Report

Wednesday, November 29, 2023

- October New Home Sales Fall Amid Higher Mortgage Rates
- Q3 GDP Revised To a 5.2% Gain - However The Economy Is Cooling Going Into Q4
- Household Spending For Q3 Revised Downward
- Core PCE Data For October Due Tomorrow
- Fed Chair Powell Due To Speak On Friday

## DAILY CHART OF S&P 500 INDEX



The S&P 500 is down slightly with a 0.2% decline that keeps the uptrend in this Index firmly in place. This week's sideways price action has allowed the RSI to dip below an overbought position as it digests this month's sharp advance.



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The Nasdaq is in a similar position, with a flat performance for the week that keeps the uptrend in place for this Index as well.

The economic calendar has been light this week until today's good news today that the U.S. economy grew at a 5.2% annual rate in the 3rd quarter. Much of the growth came by way of consumer spending however, spending is expected to decline in the fourth quarter. Economic growth in other areas appears to be cooling off as well.

All of this is good news for investors who are on the lookout for a soft landing amid a halt to the Fed's rate hike campaign. In turn, Gold approached a record high while interest rates fell.

The broader markets weren't as impressed with the news as comments from several Federal Reserve officials pointed to a restrictive Fed policy that could last. Investors are also in a wait and see mode ahead of tomorrow's critical PCE data due to be released before the market's open.

Earnings reports continue to drive individual price action, with CrowdStrike (**CRWD**) rallying 10.5% today after reporting a surge in sales that helped the company post triple digit earnings. CRWD is poised for further upside given that today's advance occurred on above average volume.

Other Software stocks are also continuing to report strong results such as Salesforce (CRM) which reported after the close today. In turn, the Software Group is outperforming this week while advancing to a near term high.

ServiceNow (NOW) has gained 1% as the stock continues to find support at its upward trending 10-day moving average and the stock remains in a buy zone while Monday.com (**MNDY**) is flat for the week after a pullback today on heavy volume. MNDY is in a buy zone after pulling back to its 10-day moving average with the RSI now below its formerly overbought position.



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Semiconductor stocks are flat for the week however Advanced Micro (**AMD**) remains in a strong buy zone after this week's 1% gain following last week's cup with handle base breakout. Nvidia (**NVDA**) also gained 1% in mostly sideways price action. NVDA would be in a strong buy zone after a close above its 10-day moving average at \$489.

Bank stocks gained today with a rally that puts the group back into an uptrend. (using ETF KRE) The move puts both East West Bancorp (**EWBC**) and Popular Bank (**BPOP**) into a buy zone with today's rally day on volume pointing to further accumulation.

Several Magnificent Seven (M7) stocks are pausing or pulling back this week led by Meta Platforms (**META**) which has given back 2% this week. We would not be a buyer on this pullback as the MACD has posted a negative crossover on the daily chart with the RSI trending downward. Longer term, META remains constructive and the stock can be held.

Netflix (**NFLX**) is also hitting the pause button with the MACD poised for a negative crossover. The stock can be held.

ARK Innovation ETF (**ARKK**) has posted a 4.5% gain for the week which has the stock extended out of a buy zone. A pullback to its 5-day moving average at \$46 would be an ideal buy point.

Housing stocks are flat this week after a report on Monday showed that home sales had dropped in October due to heightened interest rates. Both Toll Brothers (**TOL**) and M/I Homes (**MHO**) are forming flat bases as they trend sideways. Both stocks can be held.

Wingstop (**WING**) continues to trend upward as it finds support at its 5-day moving average. The daily chart points to further near term upside potential despite its overbought condition. We're keeping an eye on the MACD of the daily chart with a negative crossover being a possible signal of a pause.



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Overall, the markets are exhibiting remarkable resilience given mixed remarks from Federal Reserve officials ahead of tomorrow's key PCE data. Powell's comments on Friday will also be closely watched.

With interest rates continuing to decline this week, any news tomorrow that inflation has receded will push the markets higher led by leading areas such as Technology and the Magnificent Seven.

Warmly,  
Mary Ellen McGonagle  
Editor, MEM Edge Report