



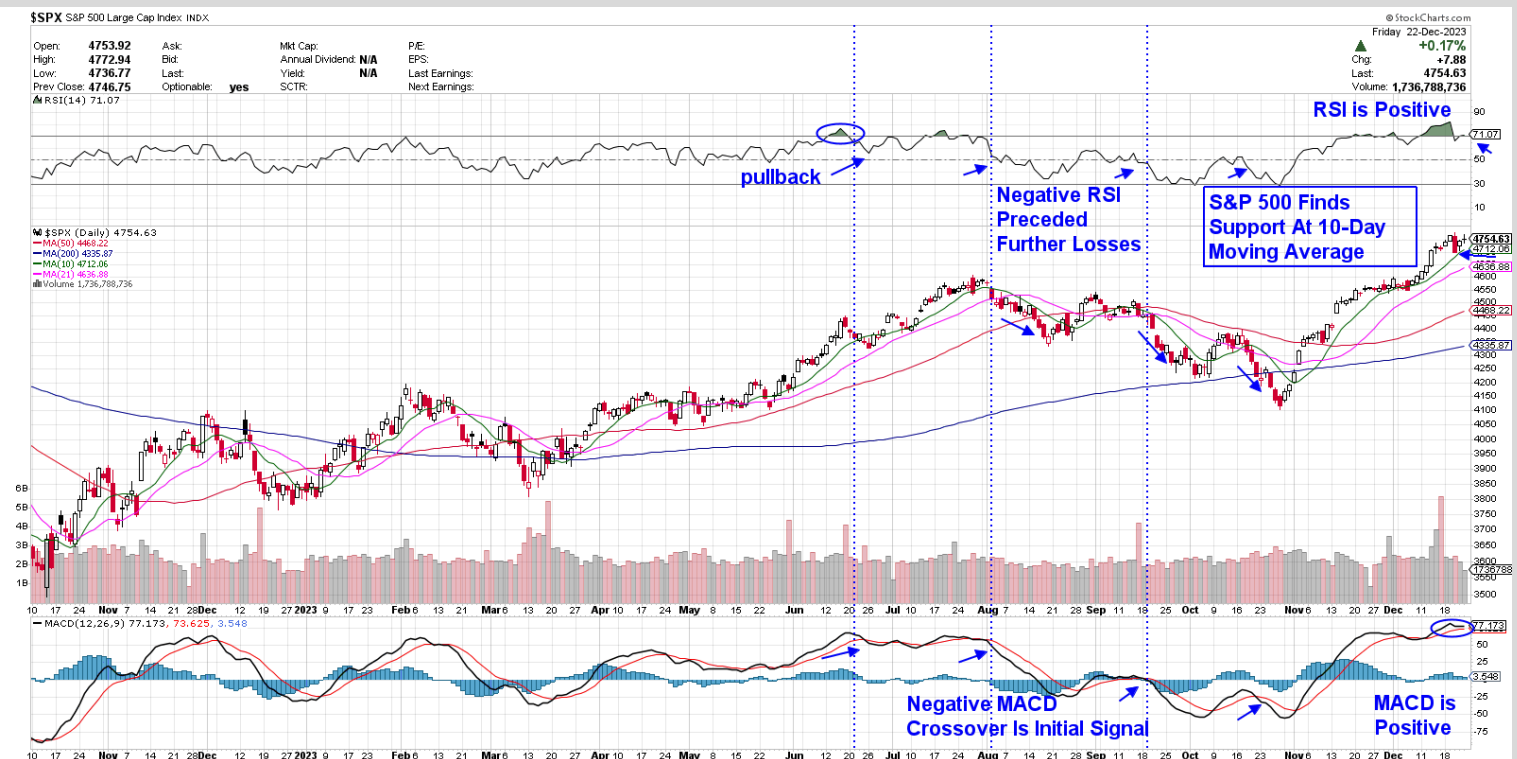
THE MEM EDGE

December 24, 2023 | Weekly Report

This Week's Highlights

- November Housing Starts Jump To Highest Level Since May
- Existing Home Sales Rise - 1st Time In 6 Months
- December Consumer Confidence Is Strong
- Q3 GDP Revised Lower Amid Lower Consumer Spending
- November PCE Data Shows Inflation Continuing To Taper
- Light Economic Calendar During Next Week's Holiday Shortened Period

Daily Chart of S&P 500



The S&P 500 gained 0.8% for the week in a move that's kept the RSI and Stochastics in positive territory. With this Index remaining above its 10-day moving average with positive momentum indicators, we remain in a confirmed uptrend.

While last Wednesday's 1.5% selloff amid a lack of any news was unsettling, the uptrend in the markets remained as we were above the 10-day moving average with the momentum indicators in positive territory. Should we see a similar selloff over the

next week or so, we'll continue to monitor these indicators with an initial focus on a possible MACD crossover. This would not be a sell signal but rather, an alert that the strong uptrend has shifted to a pause or worse.

Most important to monitor is the RSI using a daily chart as a move into negative territory - below 50 - would point to the strong possibility of a more pronounced pullback. (see chart above)

The NASDAQ ended the week up 1.2% with a gain that was boosted by outperformance from mega-cap Growth stocks such as Meta (**META**) and Netflix (**NFLX**) from our Suggested Holdings List. Gains in Biotech, Retail, and Software stocks also helped this Index outperform. With the RSI and Stochastics in positive territory, this Index remains in a confirmed uptrend.

Last week, interest rates continued to decline amid news on Friday that Personal Consumption Expenditures (PCE) have slowed down. This is great news for the markets as this inflation metric showed that prices had declined for the first time since April of 2020. PCE data is most closely watched by the Federal Reserve as a gauge of inflation.

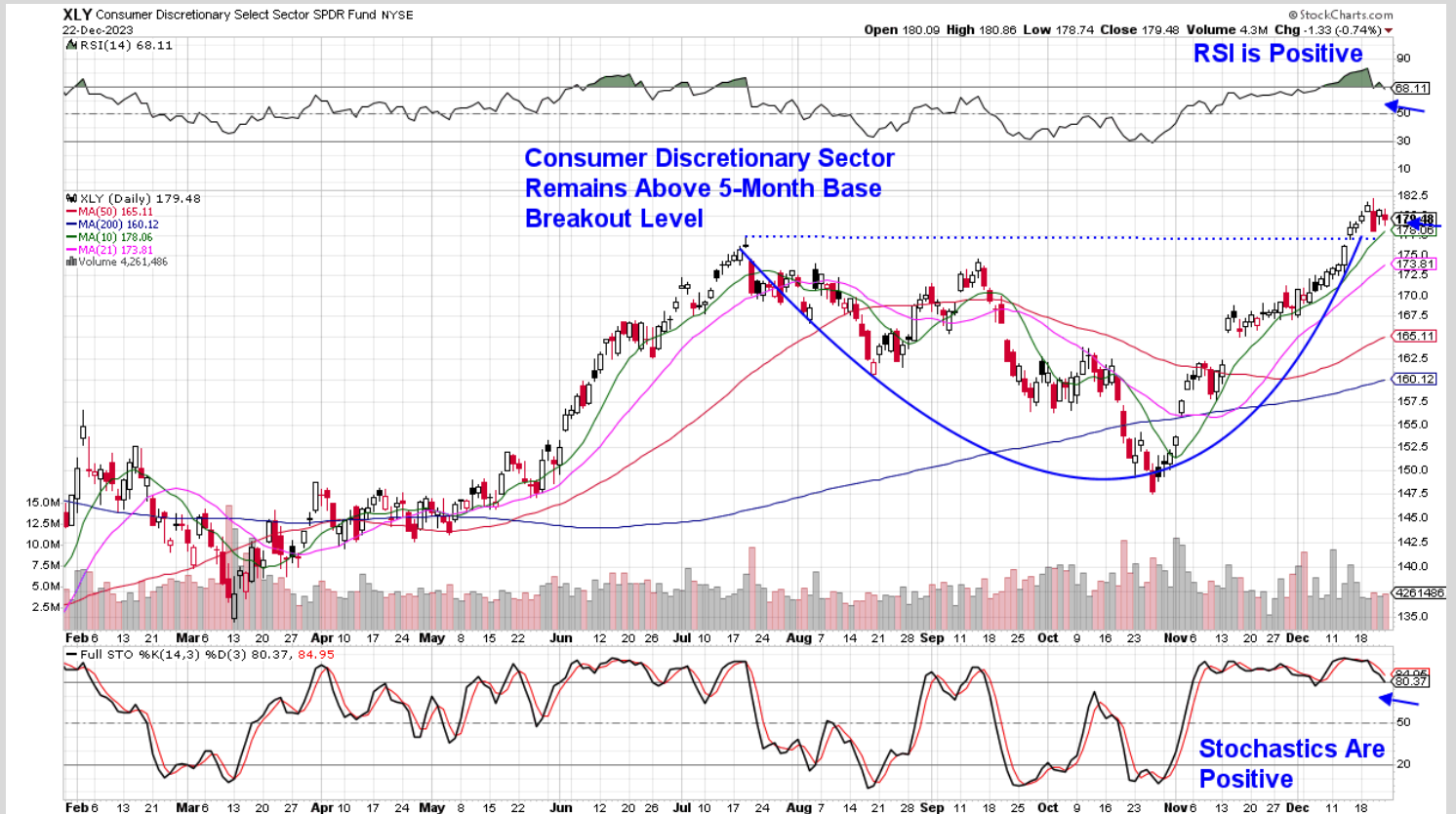
The yield on the 10-year Treasury stands at 3.9% and this backdrop, coupled with investors' sentiment that we may see the Fed reduce interest rates as soon as March, has boosted select areas of Growth stocks as well as Financials, REITS, and Home Construction related stocks. We will continue to focus on these areas while also adding stocks from other areas as they emerge.

Meanwhile, the Conference Board's index of Consumer spending rose while durable goods orders jumped 5.4% in November, well above expectations and the biggest increase since July 2020.

With the economy on firm footing and inflation and interest rates decelerating, the markets are on track to close the year with a very bullish bias. Next up on the calendar will be Q4 earnings reports which will begin during the 2nd week of January.



Daily Chart of the Consumer Discretionary Sector (XLY)



Consumer Discretionary Sector Underperforms But Bright Spots Remain

Discretionary stocks were hurt by an 11% drop in well-known footwear company Nike (**NKE**) who announced weaker than expected growth outlook going forward. The news negatively impacted other stocks in this area.

Mega Cap Retailer Amazon (**AMZN**) rallied 2.5% however, the gain was due more to major Wall Street upgrades due to the company's digital ad sales potential. Amazon is approaching \$50 billion in annual sales and is viewed as being in the early stages of growth for this division. **AMZN** is in a strong buy zone after its flat base breakout on heavy volume earlier in the week. The stock can be bought at the \$154 level which is its 5-day moving average.

Housing-related stocks remain in a confirmed uptrend after last week's 1% gain. Housing starts jumped 14.8% in November while existing home sales also surprised on the upside. The positive news helped home construction companies that cater to first-time home buyers the most as it coincided with data showing that the rental market is cooling.

M/I Homes (**MHO**) is among those who provide new homes for 1st time buyers and the stock gained 8% last week in a move that has the stock stretched above its 5-day moving average. A pullback to this level at \$129 could be an ideal buy point. While **MHO** is poised to trade higher, given the stock's sharp advance over the past month, we would keep new positions light. A negative MACD crossover on

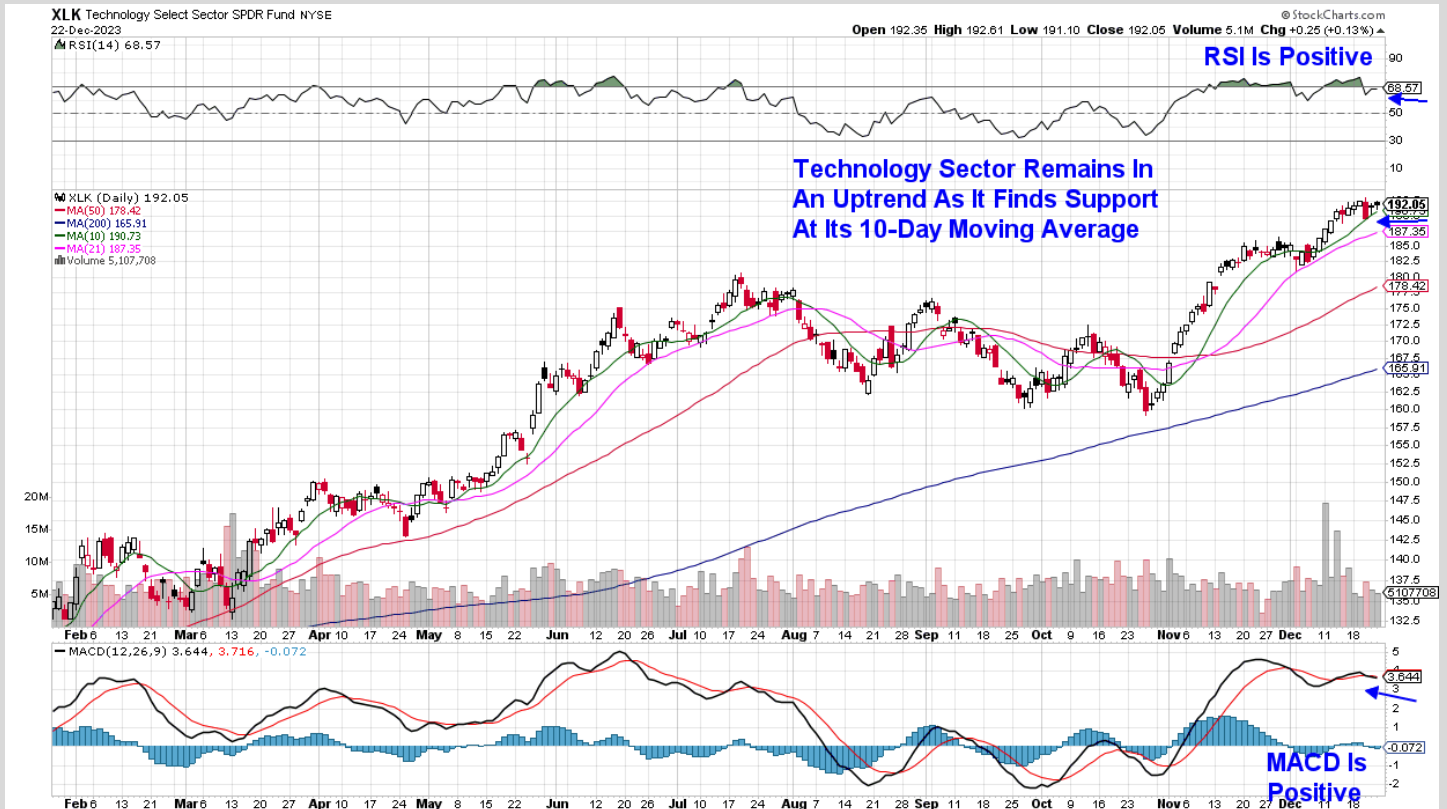
the daily chart would be the first signal that the stock may experience a pullback to its 10-day moving average.

Toll Brothers (**TOL**) caters to the higher-end, more luxurious market, and the stock traded in line with the group as it digested the prior week's sharp gain. **TOL** is continuing to find support at its 5-day moving average with last week's mostly sideways price action taking place on below-average volume. This bullish price action has the stock setting up for another leg up. A move above its near-term high of \$105 on heavy volume would put **TOL** into a strong buy zone.

Lodging and travel-related stocks fared well last week particularly after Carnival Cruise Lines (**CCL**) strong earnings report. Lodging company Airbnb (**ABNB**) from our list however, did not recover from its Wednesday pullback and ended the week down 4% despite a major Wall Street price target upgrade to \$170.

We would not be a buyer on last week's pullback as the stock closed below its 10-day moving average with the MACD posting a negative crossover on the daily chart. The stock can be held however, as the RSI remains in positive territory as does the MACD. A close back above its 10-day moving average at \$144 would put **ABNB** into a Buy Zone.

Daily Chart of the Technology Sector (XLK)



Technology Sector Remains In An Uptrend

The Tech sector underperformed slightly as heavyweight name Apple (**AAPL**) traded down almost 2% for the week while Semiconductor stocks ended flat. Software stocks posted a 1.5% gain that was focused on select stocks such as those on our Suggested Holdings List.

Both groups remain in a confirmed uptrend with Semi's sideways price action taking place on the heels of outperformance going into last week while Software continues to find support at its upward trending 10-day moving average. (using ETFs SOXX and IGV respectively)

Mega Cap Software name Microsoft (**MSFT**) gained over 1% for the week amid numerous AI-related news surrounding collaborations which had

Oppenheimer picking the stock as their number one Large Cap stock for next year. **MSFT** inched above each of its moving averages which puts the stock into a buy zone. A MACD crossover on the daily chart would put the stock into a strong buy zone.

Salesforce (**CRM**) gained almost 2% for the week following Morgan Stanley's upgrade to Outperform with a new price target of \$350. The bullish stance is due to **CRM's** cloud bundling and price increases which has this analyst looking for a new high in price. **CRM** is in a buy zone on both its daily and weekly chart however, its oversold position would have us underweighting the stock at this time.

Intuit (**INTU**) also outperformed with a 2.6% gain that keeps the uptrend firmly in place as it finds support at its upward-trending 5-day moving

average. The company is viewed as being closer to turning AI innovation into actual cash flows as compared to other firms. **INTU** is in a buy zone.

Adobe (**ADBE**) rallied 2.5% for the week amid news of a possible share buyback program. Despite the gain, the stock remains below its 10 and 21-day moving average with the RSI flat while the MACD is trending downward. The stock can be held however, a close above its shorter-term moving averages would put **ADBE** into a buy zone.

Monday.com (**MNDY**) pulled back into a strong buy zone as the stock found support at its 10-day moving average and closed the week above its \$189 base breakout level. As noted in last Sunday's report the stock has recently received several Wall Street upgrades after the company shared a plan to increase sales at a 30% rate over the next several years.

CrowdStrike (**CRWD**) pulled back to its 10-day moving average where it found support. The stock is due a pullback after a 42% advance since we added it in early October after a base breakout on heavy volume. Last week, **CRWD** posted a negative MACD crossover which historically signals a shift from a strong uptrend to at least a pause.

Should **CRWD** close below its 10-day simple moving average, some profit-taking would make sense. At this time, the stock remains in an uptrend and can be held.

ServiceNow (**NOW**) continues to struggle with a flat performance last week that keeps the MACD and RSI in positive territory however, the near-term outlook is for continued sideways price action as it continues to consolidate above its 21-day moving average. **NOW** can be held with a close above its 10-day

moving average at \$702 putting the stock into a buy zone.

Semiconductor stocks traded slightly higher for the week amid a rally in Smaller Cap names. The group was among the hardest hit on Wednesday's market pullback and not all names recovered.

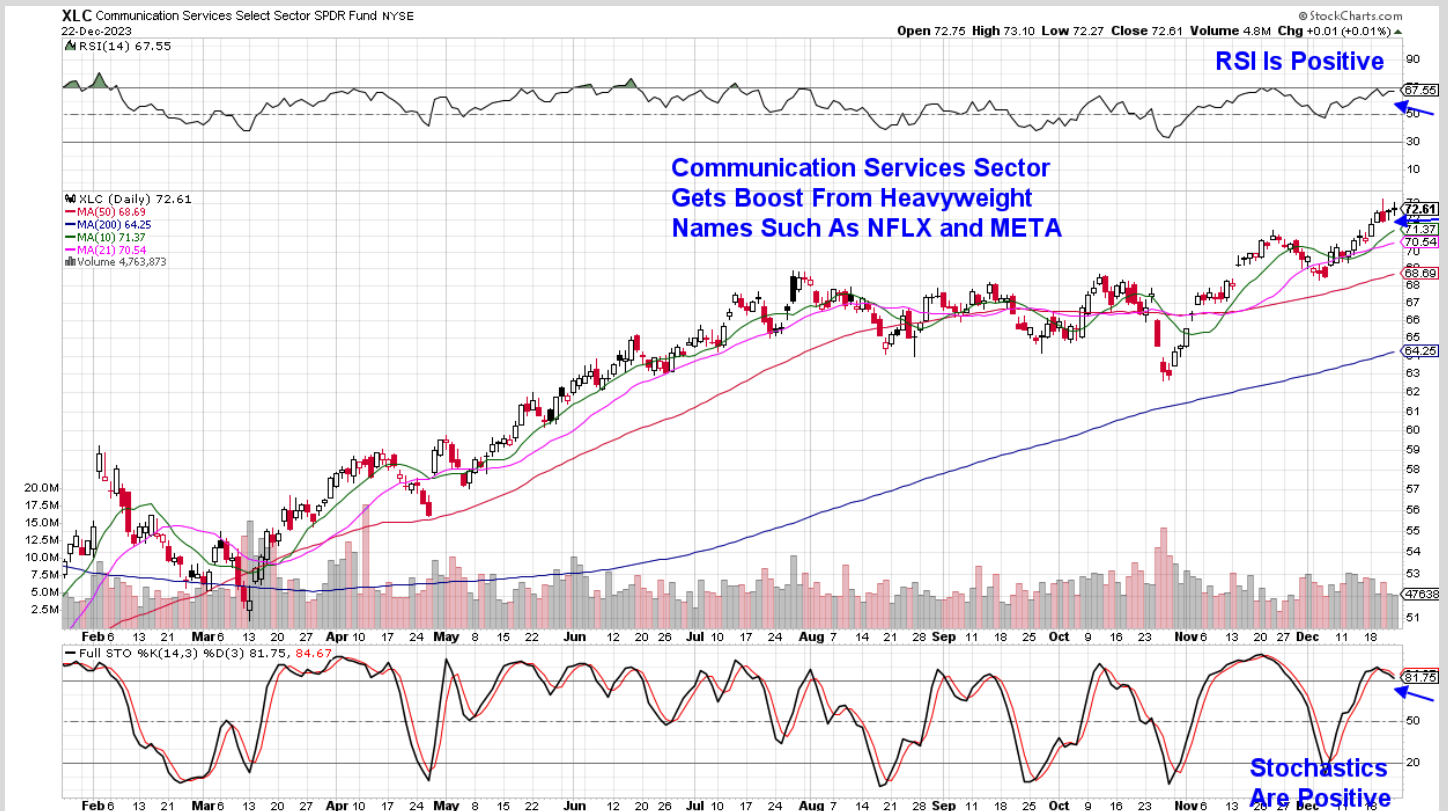
Among Semi names on our Suggested Holdings list, Nvidia (**NVDA**) ended the week flat with price action that signals further near-term underperformance. With the RSI and MACD in positive territory on the daily chart, the stock can be held. The longer term weekly chart points to continued relative weakness with the MACD trending downward.

A bullish MACD crossover on the weekly chart would be quite constructive as the RSI is in positive territory. Until then, **NVDA** can be held.

Advanced Micro (**AMD**) from our list also ended the week flat as the stock consolidates following a sharp uptrend earlier this month. **AMD** is in a buy Zone as the stock closed the week above its 5-day moving average with the weekly chart pointing to further upside potential.

Broadcom (**AVGO**) ended the week down almost 1% after mostly sideways price action as the stock consolidates after sharp gains being released earlier this month that followed their release of earnings. We anticipate further sideways price action and **AVGO** can be held.

Daily Chart of the Communication Services Sector (XLC)



Communication Services Sector Is Top Performing

This sector received quite a boost last week with heavyweight names Meta (**META**) and Netflix (**NFLX**) both outperforming the broader markets.

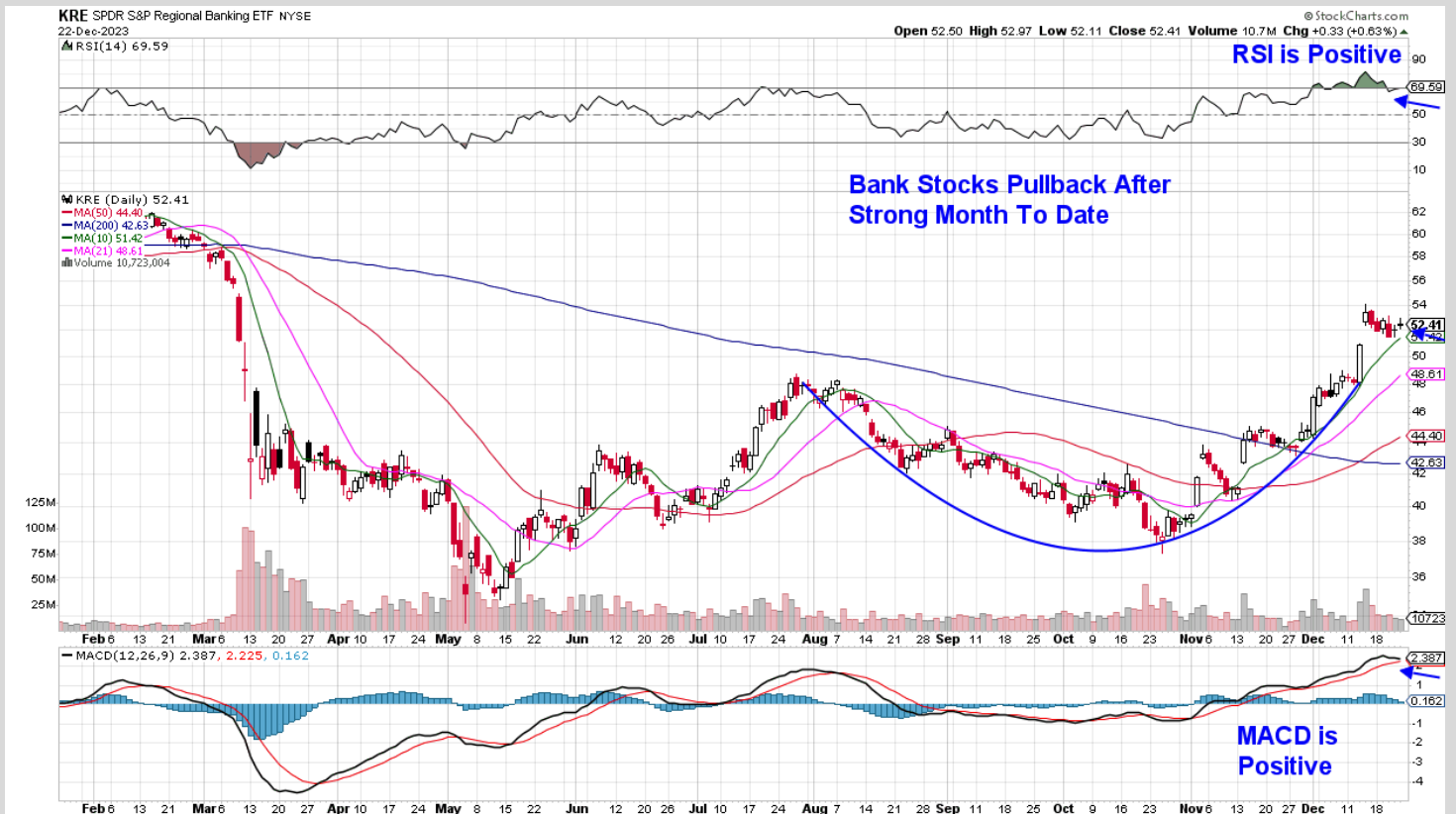
Meta Platforms (**META**) broke out of a 1-month base on Monday from which the stock continued to advance for the week. **META** is in a buy zone with both the RSI and MACD trending higher. The company is being cited for its stringent cost-cutting efforts over the past year which has helped improve their profit margins. The stock is in a buy zone.

Netflix (**NFLX**) broke out of a 1-month base on Tuesday amid analyst upgrades ahead of the company's release of earnings next month. The stock remains in an uptrend and can be bought after

last week's breakout that was coupled with a bullish MACD crossover.

Ark Innovation Fund (**ARKK**) continues to trade higher with many of its top holdings such as Coinbase (**COIN**) and Block (**SQ**) outpacing the broader markets. The ETF is in a buy zone as it continues to find support at its upward-trending 10-day moving average. The weekly chart points to further upside as well which bodes well for the longer-term outlook.

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



Financials Underperform As Sector Pulls Back

Financial stocks were among the hardest hit during Wednesday's market pullback as this overbought sector saw the RSI on the daily chart move into a more constructive area below 70 after the one day decline.

Bank stocks posted similar price action with a pullback to its 10-day moving average which took place on below-average volume. Each of the names on our Suggested Holdings List were mostly flat for the week after posting back and fill price action while finding support at their 10-day moving average.

State Street (**STT**) is in a buy zone after last week's pullback put the RSI at a level from which it could spring higher. In addition, **STT** posted a positive

MACD on its weekly chart which bodes well for the longer-term outlook for this stock.

Comerica (**CMA**) also posted a positive MACD on its weekly chart last week which is positive for its longer-term outlook.

Comerica (**CMA**), State Street (**STT**), East West Bancorp (**EWBC**), and Popular (**BPOP**) are in a buy zone however, the near-term dynamics point to further sideways price action while longer term, they're set up to trade higher.

This week, we're adding Brokerage firm Charles Schwab (**SCHB**) to our Suggested Holdings List after the brokerage firm pulled back from a gap up into a base breakout the prior week.

Research shows that there's been a sharp increase in equity buying among retail investors over the past four to six weeks as confidence in the markets expands. Charles Schwab (**SCWB**) recently reported that total client assets were up 12% year-over-year for the month of November. The stock is in a strong buy zone.



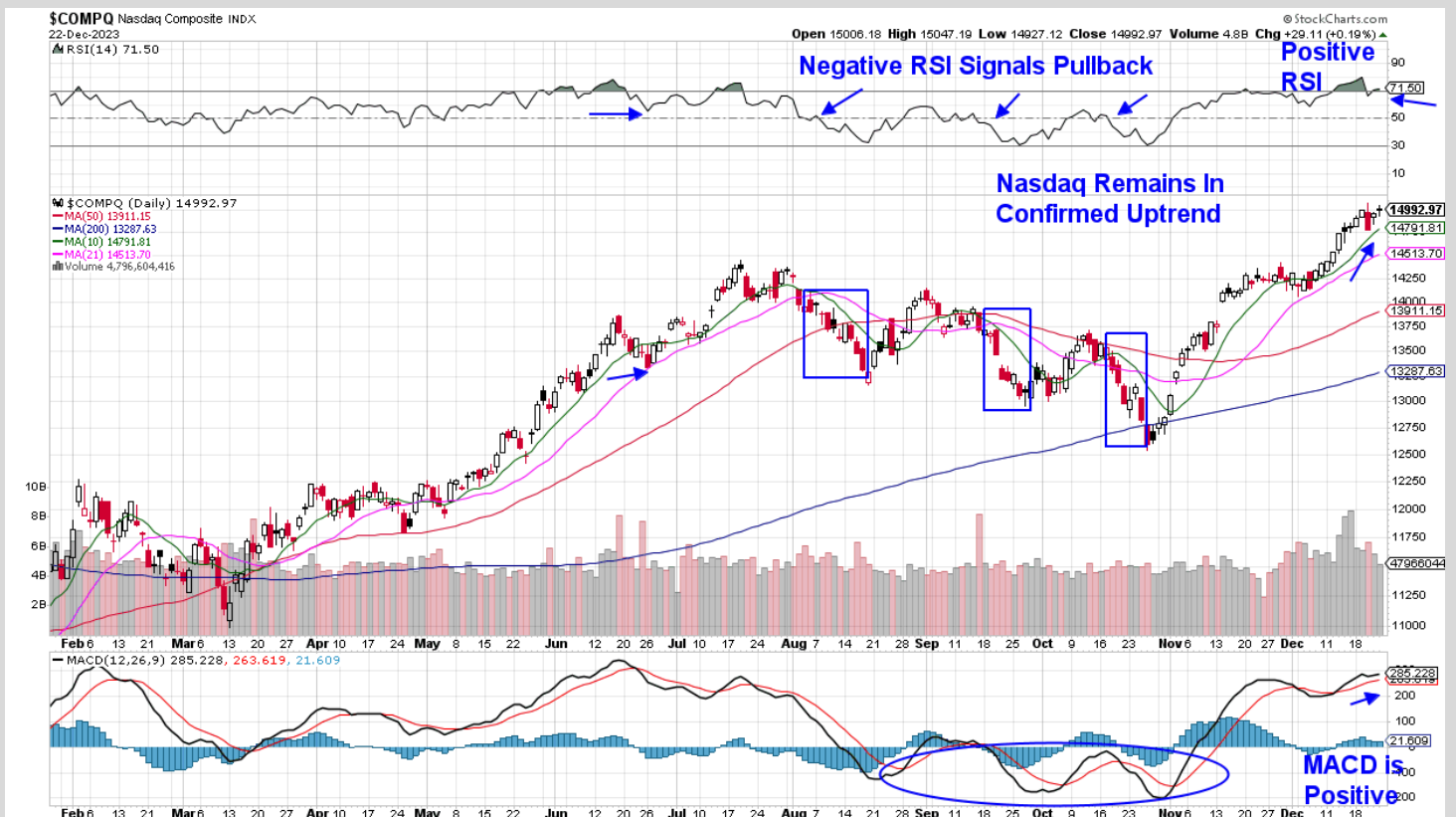
Summary

Last week, the markets were handed positive news after PCE data confirmed that inflation pressures are continuing to slow down. In turn, interest rates dropped with investors now on the lookout for the Fed to lower rates as early as March. Investors' rather muted response may well be because much of the good news has been baked into the markets with the Nasdaq and S&P 500 both sitting at year-to-date highs and very close to all-time highs.

The upside momentum in the markets is firmly in place however and if history is any indication, that momentum is likely to continue in the short term during a phenomenon known as the "Santa Claus Rally".

Last week's move into small-cap stocks and Biotechs which are both now in an uptrend, is another signal that investor confidence has returned in full force as these volatile areas fare best when uncertainty in the markets is removed. Despite next week's holiday period, I'll alert you to any new stock ideas as well as any possible shift in our bullish sentiment.

Daily Chart of the Nasdaq Composite (\$COMPQ)



Daily Chart of Shake Shack Inc. (SHAK)

SHAK Shake Shack Inc. NYSE

Consumer Discretionary / Restaurants & Bars

| | | | | | | | |
|-------------|-------|-------------|-----|------------------|-------|----------------|------------|
| Open: | 74.06 | Ask: | | Mkt Cap: | 2.90B | P/E: | 2358.10 |
| High: | 74.73 | Bid: | | Annual Dividend: | N/A | EPS: | 0.03 |
| Low: | 73.31 | Last: | | Yield: | N/A | Last Earnings: | 2023-11-02 |
| Prev Close: | 73.74 | Optionable: | yes | SCTR (SmlCap): | 58.2 | Next Earnings: | 2024-02-15 |

RSI(14) 75.65

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Friday 22-Dec-2023

▲ +0.73%

Chg: +0.54

Last: 74.28

Volume: 419,987



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 | | | | | |
| ABNB | Airbnb | \$135.00 | 12/3/2023 | 4.5% | |
| AMZN | Amazon | \$138.60 | 11/5/2023 | 10.0% | Retail - Internet |
| MHO | M/H Homes | \$94.80 | 11/5/2023 | 36.0% | Home Builder |
| TOL | Toll Brothers | \$85.20 | 11/15/2023 | 21.0% | Home Builder |

| | | | | | |
|-----------|-------------------|---------|------------|-------|-------------------------------|
| FINANCIAL | | | | | |
| BPOP | Popular, Inc. | \$72.70 | 11/15/2023 | 10.0% | Regional Bank |
| CMA | Comerica | \$55.40 | 12/17/2023 | -0.5% | Regional Bank |
| EWBC | East West Bancorp | \$61.90 | 11/15/2023 | 15.5% | Regional Bank |
| SCHW | Charles Schwab | \$68.58 | 12/24/2023 | | Brokerage |
| STT | State Street Corp | \$72.90 | 12/3/2023 | 5.0% | Investment - Asset Management |

| | | | | | |
|------------|------------------------|----------|------------|-------|---------------|
| TECHNOLOGY | | | | | |
| ADBE | Adobe | \$563.00 | 11/5/2023 | 7.5% | Software |
| AMD | Advanced Micro Devices | \$118.50 | 11/12/2023 | 16.0% | Semiconductor |
| AVGO | Broadcom | \$944.30 | 12/10/2023 | 19.0% | Semiconductor |
| CRM | Salesforce | \$260.00 | 12/3/2023 | 3.0% | |
| CRWD | Crowdstrike | \$176.70 | 10/8/2023 | 40.0% | Software |
| INTU | Intuit | \$608.50 | 12/17/2023 | 2.5% | Software |
| MNDY | Monday.com | \$163.70 | 11/14/2023 | 15.0% | |
| MSFT | Microsoft | \$327.30 | 10/8/2023 | 14.0% | Software |
| NOW | ServiceNow | \$606.70 | 11/5/2023 | 14.0% | Software |
| NVDA | Nvidia | \$450.00 | 11/5/2023 | 9.0% | Semiconductor |

| | | | | | |
|------------------------|--------------------|----------|------------|-------|------------------|
| COMMUNICATION SERVICES | | | | | |
| META | Meta Platforms | \$315.40 | 10/8/2023 | 18.0% | Internet-Content |
| NFLX | Netflix | \$432.30 | 11/5/2023 | 17.0% | Internet-Content |
| ARKW | ARK Innovation ETF | \$44.88 | 11/26/2023 | 21.5% | 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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