



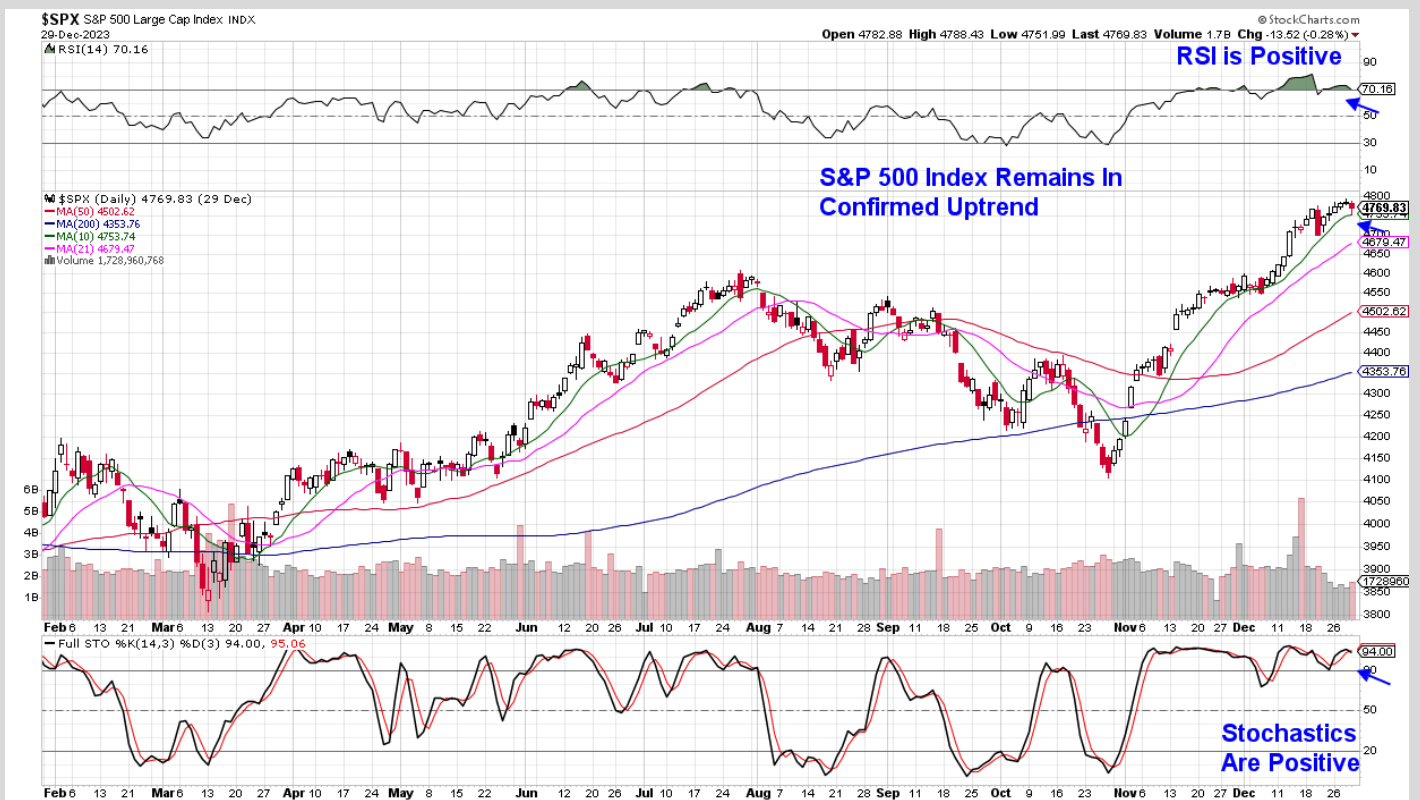
# THE MEM EDGE

January 1, 2024 | Weekly Report

## This Week's Highlights

- Interest Rates Continue To Decline
- S&P 500 Hovers Around Record Level
- December Employment Data Next Week (Wednesday and Friday)
- Minutes From Fed's December Meeting (Wednesday)

### Daily Chart of S&P 500



The S&P 500 posted a slight gain for the week on below-average volume during the holiday-shortened period. The gain keeps this index above its 10-day moving average with the RSI and Stochastics both in

positive territory, the near-term uptrend for this index remains in place.

The RSI on the daily chart remains in an overbought position however which historically can precede at least a pause. We've included a marked-up daily

chart below which highlights prior periods this year when the RSI was also in an overbought position.

As you'll see, a move of the RSI below 50 marked a more pronounced pullback when coupled with the MACD posting a negative crossover. At this time, we are not in a position for these negative signals to take place but we will continue to monitor the chart.

Last week, more defensive areas such as Utilities, Staples, and Healthcare stocks outperformed after posting gains of 1% or more. Of note is that these areas have far underperformed the markets year to date. Of the three sectors, utilities and Staples remain in a confirmed downtrend while Healthcare stocks are in an uptrend due to compelling areas which we will discuss below.

The NASDAQ gained 0.1% for the week amid outperformance in Biotech's, Semiconductor, and Medical Products stocks which was offset by mixed results for the Magnificent Seven names. Advanced Micro (**AMD**) from our Suggested Holdings List was the top performer for the week.

Below is a daily chart of the NASDAQ Composite and again we've highlighted the signals from earlier this year that have preceded a more pronounced pullback. At this time we are not anticipating any such decline.

Interest rates ended the week down slightly with the yield on the 10-year treasury now at 3.8%. Most of the decline occurred on Wednesday after the US Treasury's final auction of the year saw strong interest due to investors' confidence that we will see interest rate cuts as early as March of this year.

Select areas which benefit from a declining interest rate environment such as Housing and Bank stocks outperformed last week. We expect these areas to continue to fare well as rates decline.

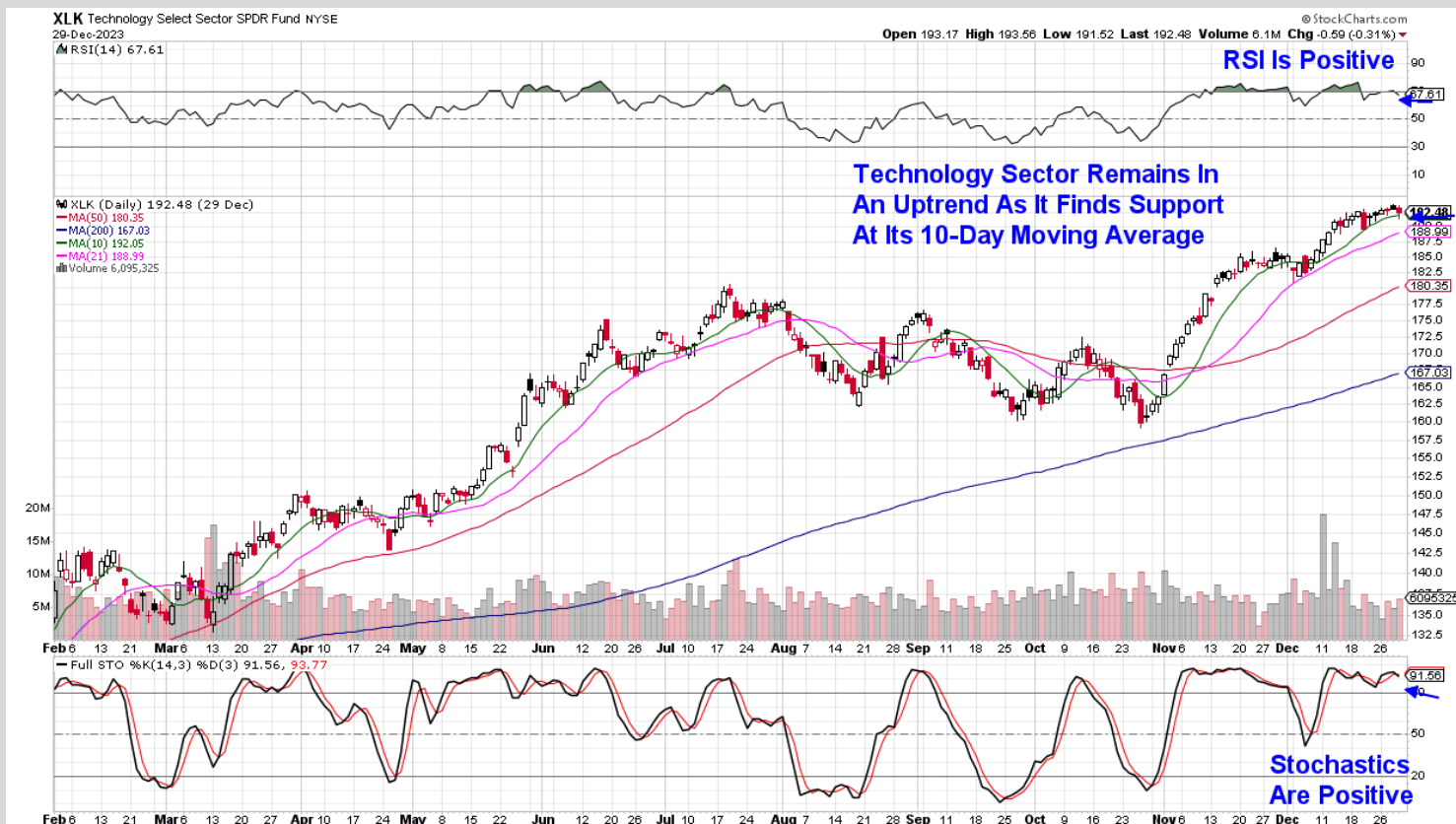
This declining interest rate environment may be challenged next week however, as key inflation and employment data are due to be released as are the minutes from the Federal Reserve's latest meeting.

Investors' response to this key data will provide insights into sentiment; particularly if stronger than anticipated data is ignored.

Next up for the markets will be fourth quarter earnings season which will begin in earnest during the second week of January led by major Banks such as JP Morgan (**JPM**) and Bank of America (**BOA**).

As noted, the broader markets remain in a confirmed uptrend with key areas of growth such as Technology and Communication Services in uptrends, being joined by newer areas such as Medical Products and Biotech names in Healthcare. We expect growth areas of the market to continue to outperform.

## Daily Chart of the Technology Sector (XLK)



### Technology Sector Remains In An Uptrend

The Tech sector remains in a confirmed uptrend despite a flat performance for the week as it remains above its upward trending 10-day moving average with bullish momentum indicators. Outperformance among select Semiconductor stocks gave this sector a boost.

Advanced Micro Devices (**AMD**) was the top performing Semiconductor stock after gaining 5.5% on relatively high volume. The stock broke out of a 2-week base on Tuesday and into an uptrend. While the gain occurred on no direct news item last week, the company's move into AI-related chips as well as anticipated growth from improved PC sales, has analysts raising estimates.

**AMD** can be bought on a pullback to the 5-day moving average at \$145.

Nvidia (**NVDA**) from our list outperformed as well with a 1.5% gain for the week. the stock has been in a very tight trading range as it wedges higher with Friday's Volume being relatively strong as the stock recovered from a slight pullback below its 10-day moving average. **NVDA** is in a strong buy zone as it inches closer to a \$505.5 base breakout level.

Broadcom (**AVGO**) pulled back slightly as the stock continues to consolidate after sharp gains in early December that followed a strong earnings report. The MACD on the daily chart is poised to post a negative crossover which would not be a sell signal

but rather, a sign that further sideways price action may take place over the near term.

**AVGO** can be bought on a close above its 10-day moving average at \$126.

Software stocks pulled back slightly after generally outperforming in November into December (using ETF IGV). Among the names on our list, ServiceNow (**NOW**) gained 1.5% as it finds support above each of its moving averages. **NOW** is in a buy zone with a possible bullish MACD crossover which would put the stock into a strong buy zone.

Microsoft (**MSFT**) is in a strong buy zone as it closed the week above each of its shorter-term moving averages with the Mac D on the cusp of posting a bullish crossover. (black line up through the red). The company is viewed as a leader in AI-related developments as it continues to announce new advancements.

CrowdStrike (**CRWD**) was flat for the week as the stock continues to consolidate its November into December outperformance. the back and fill price action over the past two weeks has resulted in the MACD trending downward on the daily chart. This is quite constructive as it allows the stock the ability to set up for another leg up. **CRWD** would be back into a buy zone with a close above its mid-December high.

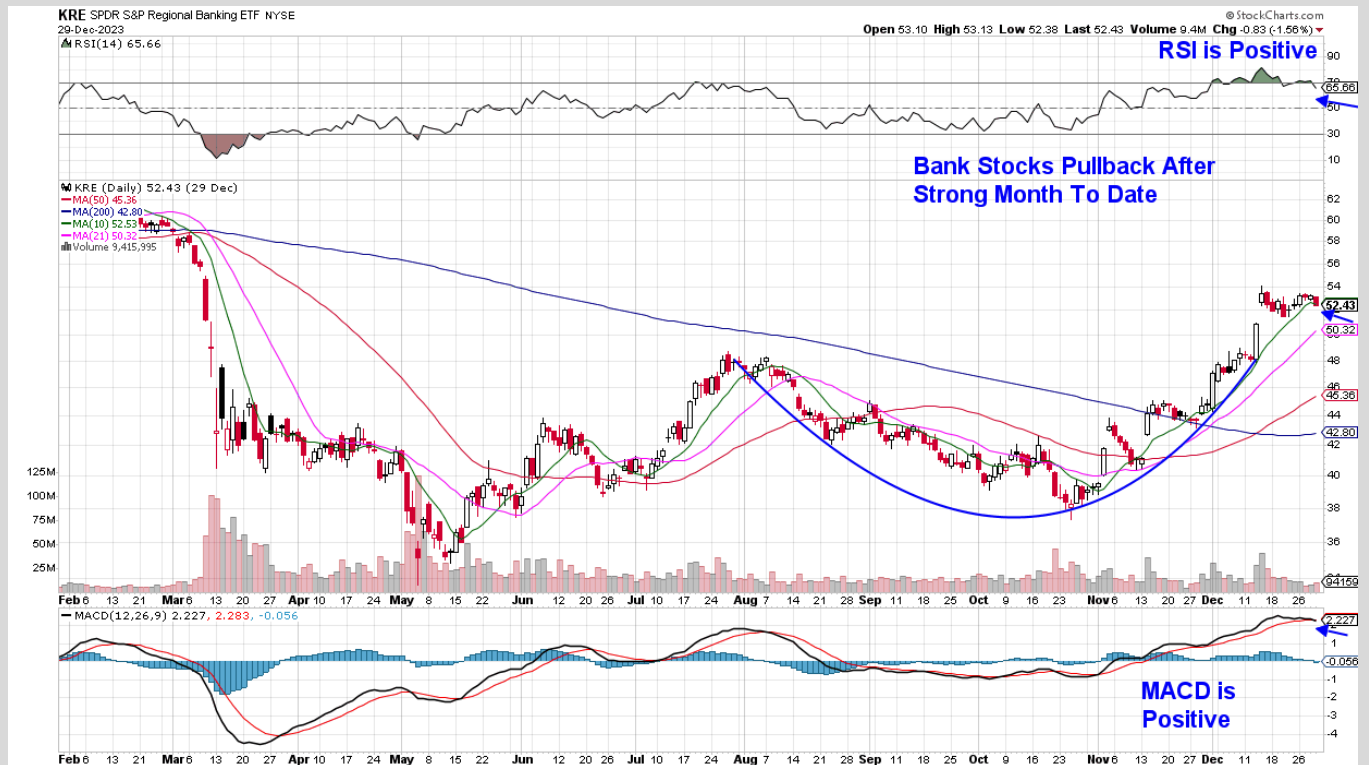
Adobe (**ADBE**) is continuing to struggle as it trades sideways below its 10 and 21-day moving average. The stock can be held however a close below the 50-day moving average at \$587 would have us reconsidering this position.

A close back above its shorter-term moving averages coupled with a MACD bullish crossover would put Adobe (**ADBE**) into a strong buy zone with the early November period as precedence.

Monday.com (**MNDY**) pulled back slightly on low volume. A close back above its \$189 base breakout level would put the stock into a buy zone. Until then, **MNDY** can be held.

Intuit (**INTU**) remains in a positive position above its 10-day simple moving average. However, the MACD on the daily chart is poised for a negative crossover which could signal continued sideways price action similar to the early August period; which set the stock up for another leg up. **INTU** can be held.

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



### Financial Sector Outperforms Ahead Of Earnings Season

The Financial sector remains in a confirmed uptrend as it trades above its upward-trending 10-day simple moving average. This area is among three sectors that outperformed the broader markets over the past month.

This is due primarily to the declining interest rate environment which has improved the outlook for Bank stocks. Lower rates have also increased investors' confidence in the markets which has helped select areas such as Asset Management and Brokerage firms.

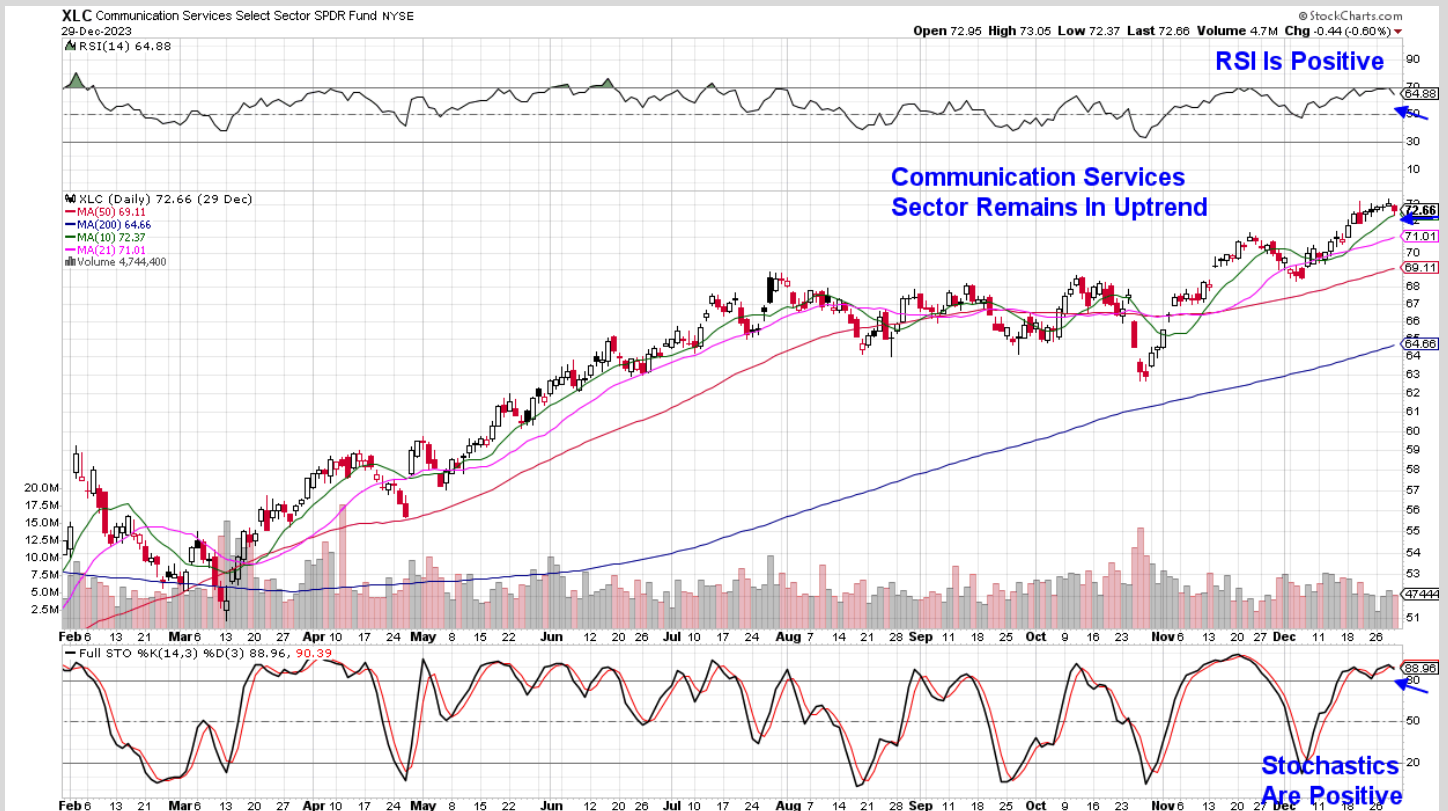
While Bank stocks were flat, Popular Inc. (**BPOP**) on our List, gained almost 2% after a Monday base breakout that was followed by bullish sideways price action. The stock is in a buy zone after Friday's close at its upward-trending 5-day moving average.

EastWest Bancorp (**EWBC**) outperformed as well, with a 1.5% gain that closed the week just at its 10-day moving average and in a buy zone. Both banks are due to report their earnings in 3 weeks. Comerica (**CMA**) is in a buy zone as well as it trends toward a 2-week base breakout at \$57.5.

State Street (**STT**) pulled back from a possible \$79 base breakout to close the week up 1% and at its 10-day moving average. The stock is in a buy zone as analyst raise estimates for next year ahead of the release of their earnings later this month.

Charles Schwab (**SCHW**) traded in sideways price action on light volume. With the near-term momentum trending sideways, **SCHW** can be held. A close above its 10-day moving average at \$69 would put the stock into a buy zone.

## Daily Chart of the Communication Services Sector (XLC)



### Communication Services Sector Has Bullish Long-Term Chart

The Communication Services sector was flat for the week amid a pullback in heavyweight Internet stock Alphabet (**GOOGL**) while Netflix (**NFLX**) and Meta Platform (**META**) were flat for the week.

Telecom Services stocks outperformed led by a rally in T-Mobile (**TMUS**) after the company announced an issuance of stock to Softbank for the company's 2020 acquisition of Sprint and more importantly, after the company traded above threshold. The move removed a cloud that had been holding investors back.

**TMUS** is also planning on a big share buyback program after paying a dividend for the first time earlier this month. The move has analysts raising

estimates for the stock. **TMUS** is in a buy zone with a move above the \$161 level putting the stock into a strong buy zone as it would signal a 3-week base breakout.

Meta Platforms (**META**) is in a strong buy zone after the stock pulled back to its 10-day moving average on Friday with both the RSI and MACD in positive territory.

Netflix (**NFLX**) is in a buy zone after last week's period of consolidation. A move above its 5-day mav at \$490 would put **NFLX** into a strong buy zone. The company is poised for continued growth as they benefit from their new pricing model as well as revenue from ad sales.



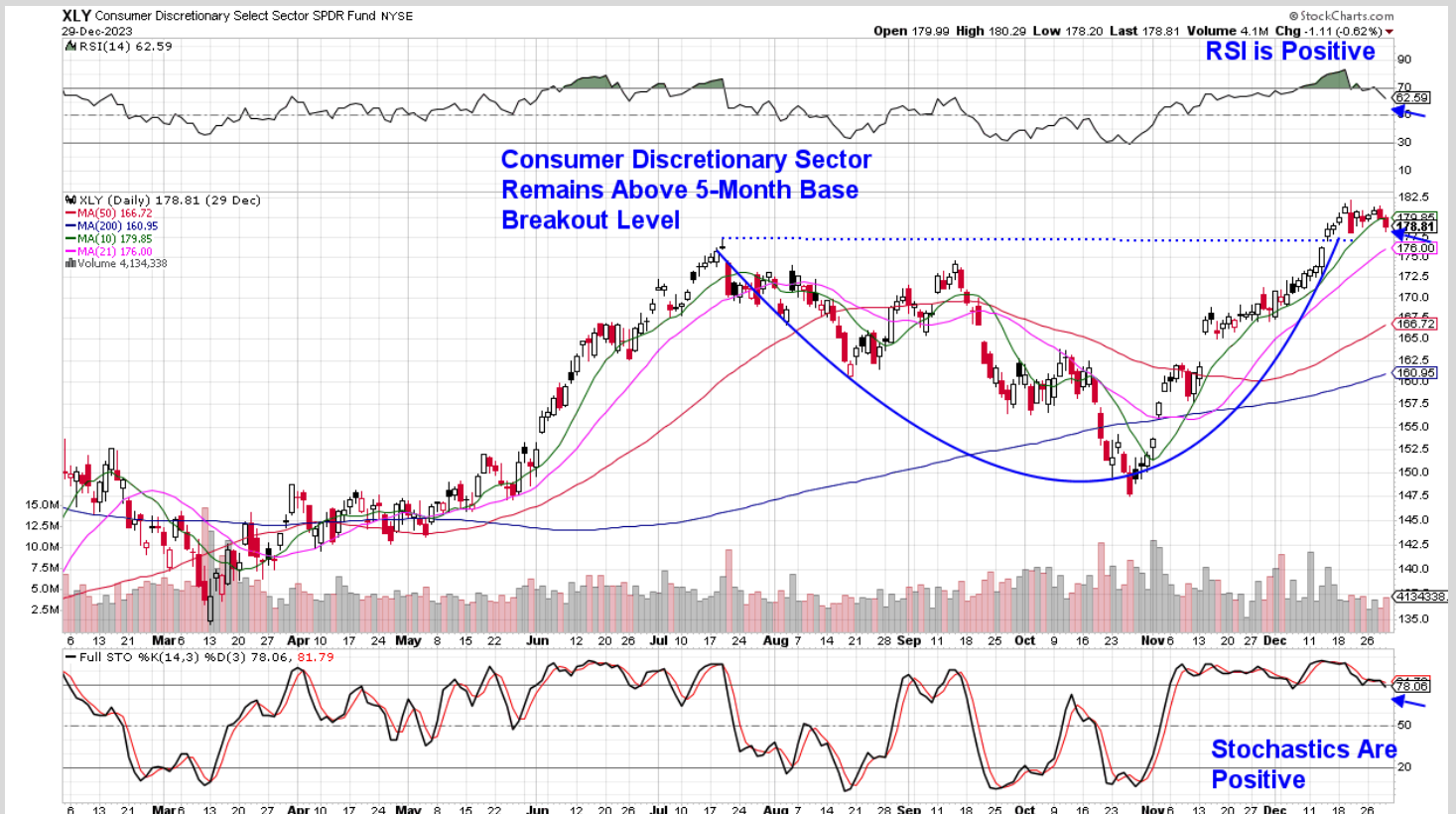
ETF Ark Innovation (**ARKK**) pulled back sharply on Friday amid a drop in several heavyweight names such as Coinbase (**COIN**) and Mara Digital (**MARA**) after it was reported that India's Financial Intelligence Unit said it was planning to block the URLs of 9 offshore crypto platforms.

**ARKK** closed the week below its 10-day moving average on relatively heavy volume. The ETF can be held as it's been able to recover from potential pullbacks rather quickly. A negative RSI on the daily chart of ARKK would change our outlook however as historically - such as in late July - this has preceded a further decline.

While the Communication Services sector posted a flat performance last week, both the weekly and monthly charts of this sector point to further upside performance into next year led by names such as Meta Platforms (**META**) and Netflix (**NFLX**) which both have bullish weekly and monthly charts. This bodes well for the longer-term prospect for both stocks.



## Daily Chart of the Consumer Discretionary Sector (XLY)



### Consumer Discretionary Sector Remains In Uptrend

Consumer-related stocks were mixed last week with electric vehicle sales numbers from China expected to move Auto stocks higher this week. Both Li Auto (**LI**) and XPeng (**XPEV**) reported record deliveries yet again in December while BYD (**BYDDF**) surpassed Tesla (**TSLA**) in all-electric vehicle sales.

Tesla (**TSLA**) is expected to report their December numbers on Tuesday.

Heavyweight retailer Amazon (**AMZN**) pulled back 1% with losses coming on Friday after trading flat for the week. The company is a top pick among Retail analysts as they anticipate the company will expand into new retail categories such as grocery, pharmacy, and fashion. **AMZN** has also seen

increased ad revenue from their streaming digital service which is expected to continue to grow. The stock is in a buy zone and can be bought after a close above its 10-day moving average at \$153.

Home Builders were flat for the week with many stocks in this group marking time after posting outsized gains last month. This would include Toll Brothers (**TOL**) which traded in a tight trading range after December's 20% gain. The stock can be held as Friday's negative MACD crossover points to further possible consolidation.

M/I Homes (**MHO**) continued its advance and the stock was the top performer in the group with a 3% gain. While we anticipate further upside, the stock's extremely overbought position on the daily chart points toward a needed period of consolidation



which will be signaled by a negative MACD crossover. Any new positions should be entered lightly.

This week, we're adding Discount Retailer TJX Cos (**TJX**) to our Suggested Holdings List after the stock posted a 14-week base breakout on Friday. The company is on track to grow earnings by 22% this year amid a reported increase in same-store sales. **TJX** is in a buy zone.



# Summary

The S&P 500 closed the week within 0.6% of a record high with investors confident that the Federal Reserve has ended their rate hike campaign amid declining inflation. Declining interest rates is, of course, a bullish backdrop for the markets.

There's other good news potentially in store as well as we enter a presidential election year. The S&P 500 has recorded positive returns in 20 of the 24 election years since 1928.

We may see bumpiness near term however, as bullish sentiment has kept the markets in an overbought condition for most of the past 6 weeks.

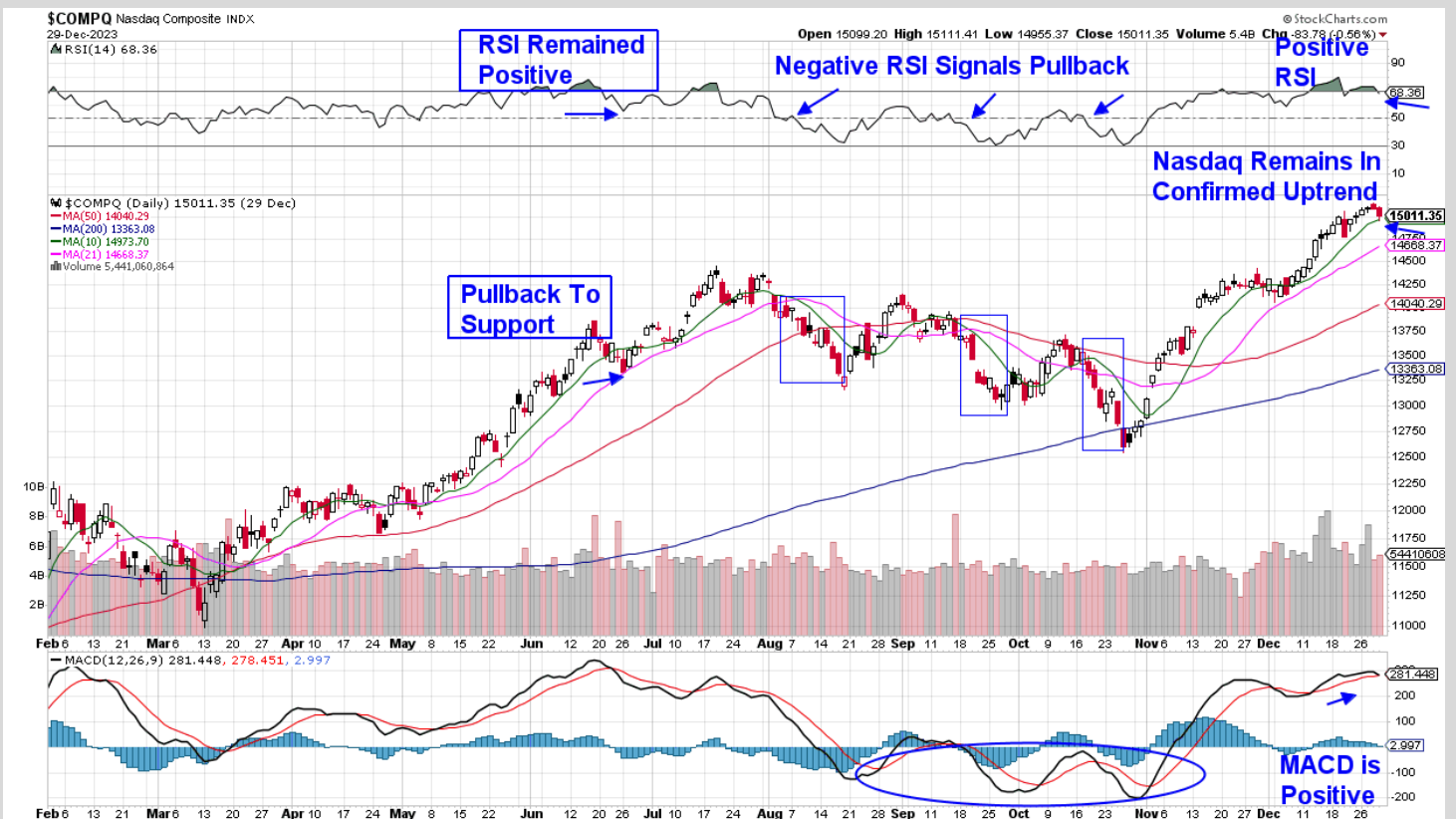
Last week's mostly flat performance helped bring the RSI down to 70 and it's heading lower which is good news. (Continued ->)

However, a negative MACD crossover on the daily chart of the S&P 500 was also posted. The last time this occurred - in early December - it preceded 2 weeks of choppy trade before the uptrend was resumed.

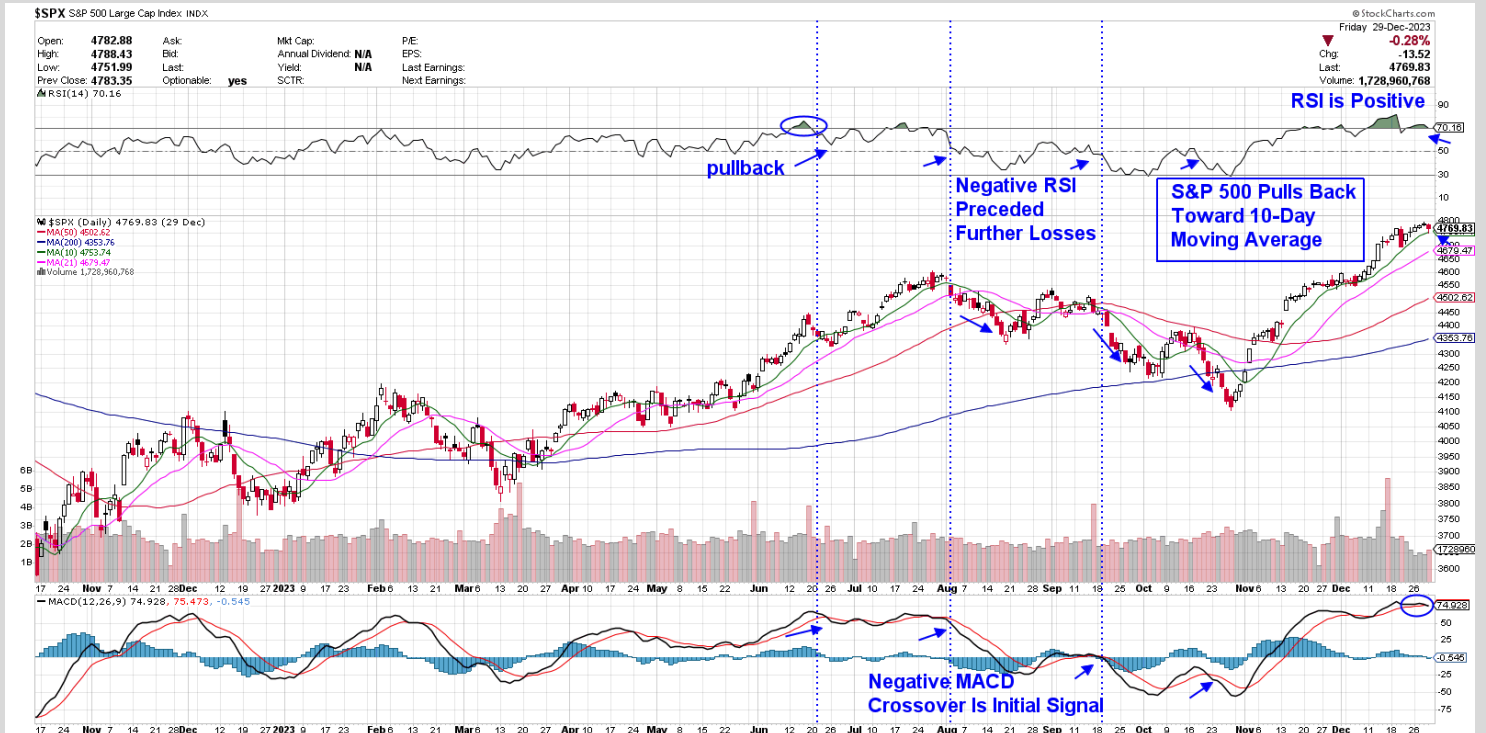
Data which has moved the markets most of last year is being released next week, with employment numbers for the month of December due on both Wednesday and Friday. (Private and Government reports respectively.) Notes from the latest FOMC meeting will be made public on Wednesday as well.

Response to these reports could test the markets however if we see no response to a strong jobs number, it would indicate that bullish sentiment has the upper hand.

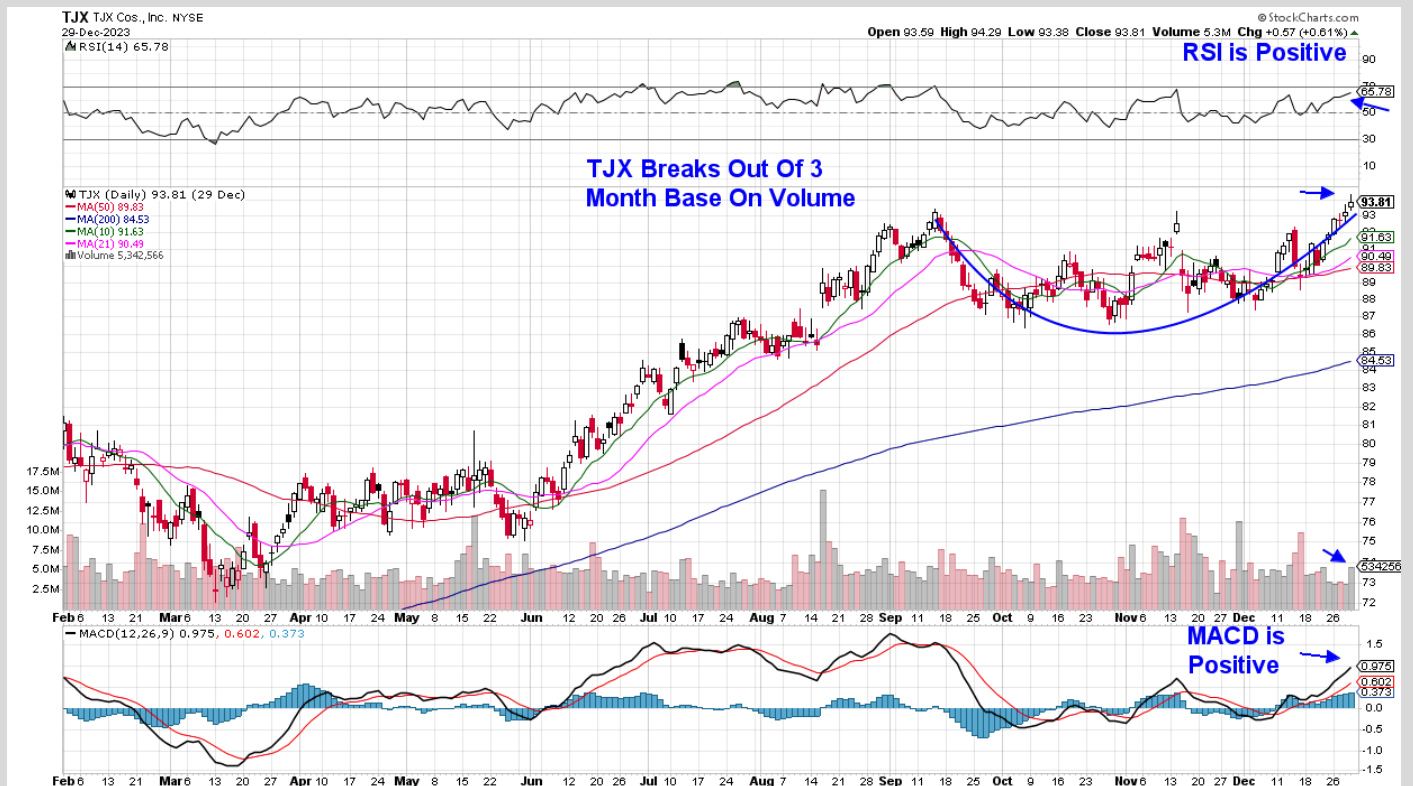
## Daily Chart of the Nasdaq Composite (\$COMPQ)



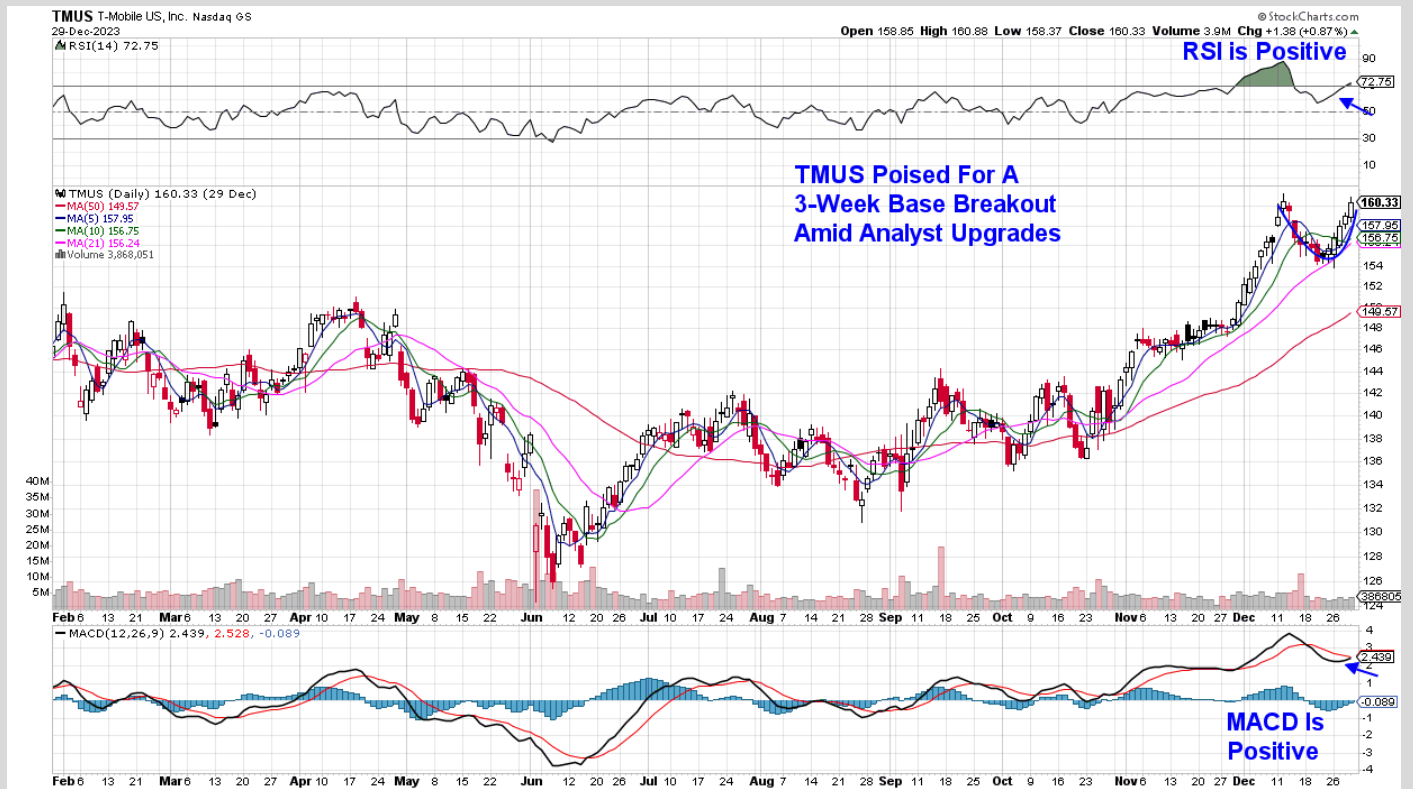
## Daily Chart of S&P 500 (3)



## Daily Chart of TJX Cos., Inc (TJX)



## Daily Chart of T-Mobile US, Inc. (TMUS)



# MEM Edge Report Suggested Holdings

*Stocks With Emerging Leadership Characteristics*

<b>\$ = Earnings Due</b>	<b>Buy Zone</b>	<b>Strong Buy</b>	<b>Buy on Pullback</b>	<b>Removed From List</b>
--------------------------	-----------------	-------------------	------------------------	--------------------------

SYMB	COMPANY	PRICE	DATE ADDED	PERFORMANCE	INDUSTRY GROUP
------	---------	-------	------------	-------------	----------------

CONSUMER DISCRETIONARY					
AMZN	Amazon	\$138.60	11/5/2023	9.0%	Retail - Internet
MHO	M/H Homes	\$94.80	11/5/2023	39.0%	Home Builder
TJX	TJX Corp	\$93.81	1/1/2024		Discount Retailer
TOL	Toll Brothers	\$85.20	11/15/2023	20.0%	Home Builder

FINANCIAL					
BPOP	Popular, Inc.	\$72.70	11/15/2023	11.5%	Regional Bank
CMA	Comerica	\$55.40	12/17/2023	1.0%	Regional Bank
EWBC	East West Bancorp	\$61.90	11/15/2023	16.0%	Regional Bank
SCHW	Charles Schwab	\$68.58	12/24/2023	0.5%	Brokerage
STT	State Street Corp	\$72.90	12/3/2023	6.0%	Investment - Asset Management

TECHNOLOGY					
ADBE	Adobe	\$563.00	11/5/2023	7.0%	Software
AMD	Advanced Micro Devices	\$118.50	11/12/2023	21.5%	Semiconductor
AVGO	Broadcom	\$944.30	12/10/2023	18.5%	Semiconductor
CRM	Salesforce	\$260.00	12/3/2023	2.0%	
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	14.0%	
MSFT	Microsoft	\$327.30	10/8/2023	14.5%	Software
NOW	ServiceNow	\$606.70	11/5/2023	15.5%	Software
NVDA	Nvidia	\$450.00	11/5/2023	10.5%	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	20.5%	Internet ETF
TMUS	T-Mobile US	\$160.30	1/1/2024		Telecom Services

# 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.

**Disclaimer:** This publication "MEM Edge Report" is published by MEM Investment Research, LLC, and is both proprietary and intended for the sole use of subscribers. No license is granted to any subscriber, except for the subscriber's personal use. No part of this publication or its contents may be copied, downloaded, stored in a retrieval system, further transmitted, or otherwise reproduced, stored, disseminated, transferred, or used, in any form or by any means, except as permitted under the subscription agreement or with the prior written permission of MEM Investment Research, LLC. Any further disclosure or use, distribution, dissemination or copying of this publication, message or any attachment is strictly prohibited. MEM Investment Research, LLC is a financial publisher who publishes information about markets, stocks, industries, sectors and investments in which it believes subscribers may be interested. The information in this letter is not intended to be personalized recommendations to buy, hold or sell investments. MEM Investment Research, LLC is not permitted to offer personalized trading or investment advice to subscribers. Employees of MEM Investment Research, LLC may own positions in stocks mentioned or highlighted in THE MEM Edge Report. The information, statements, views and opinions included in this publication are based on sources (both internal and external sources) considered to be reliable, but no representation or warranty, express or implied, is made as to their accuracy, completeness or correctness. Such information, statements, views and opinions are expressed as of the date of publication, are subject to change without further notice and do not constitute a solicitation for the purchase or sale of any investment referenced in this publication. By using the information in THE MEM Edge Report, or from MEM Investment Research, LLC, or [www.meminvestmentresearch.com](http://www.meminvestmentresearch.com), you assume full responsibility for any and all gains and losses, financial, emotional or otherwise, experienced, suffered or incurred by you. SUBSCRIBERS SHOULD VERIFY ALL CLAIMS AND DO THEIR OWN RESEARCH BEFORE INVESTING IN ANY INVESTMENTS REFERENCED IN THIS PUBLICATION. INVESTING IN SECURITIES AND OTHER INVESTMENTS, SUCH AS STOCKS, OPTIONS AND FUTURES, IS SPECULATIVE AND CARRIES A HIGH DEGREE OF RISK. SUBSCRIBERS MAY LOSE MONEY TRADING AND INVESTING IN SUCH INVESTMENTS.