



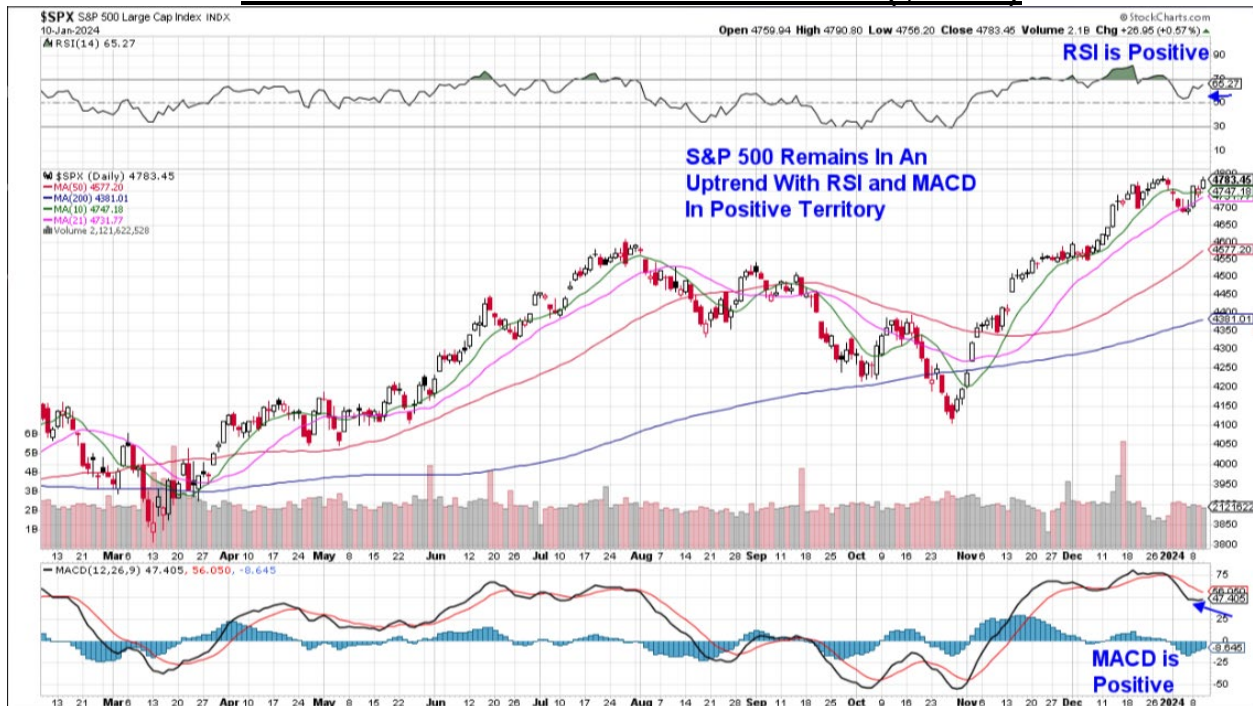
# THE MEM EDGE

Midweek Report

Wednesday, January 10, 2024

- Nasdaq Regains Its Uptrend
- Magnificent 7 Names Lead Markets Higher
- Yield On 10-Year Treasury Remains At 4%
- Consumer Price Index (CPI) Data Tomorrow and Producer Price Index (PPI) Data Due Friday
- Adding ServiceNow (NOW) and Deckers Outdoor (DECK) to our Suggested Holdings List
- Removing Charles Schwab (SCHW) from our Suggested Holdings List
- Holiday Shortened Period Next Week

## DAILY CHART OF THE S&P 500 (\$SPX)



The S&P 500 has gained 1.8% this week in a move that keeps its near and longer term uptrend in place with an RSI and MACD



# THE MEM EDGE

*Midweek Report*

that's in positive territory while regaining its shorter term 10-day moving average.

The Nasdaq has fared better, with a 3.1% rally that's put this Index back into a near-term uptrend with a now positive RSI and a move back above its 10-day moving average. This Index was given a boost by outperformance in most of the mega-cap FAANG stocks. Software and Semiconductor stocks also outpaced the markets.

Gains in these areas have put the Technology sector back into an uptrend after the RSI on its daily chart regained a positive status.

Among stocks on our Suggested Holdings List, CrowdStrike (CRWD) has been a top performer following several Wall Street upgrades due to an improved fundamental outlook. While the gains have extended the stock above its 5-day moving average, the heavy volume on this week's buying coupled with a MACD crossover point to further near term upside.

Using the December period as precedence, CRWD may pause as the 5-day mav catch up to the current price. From there, further upside is anticipated.

Nvidia (**NVDA**) was another top performer with a gain that pushed the stock out of a 1-month base on heavy volume. The rally took place following the company's release of plans to produce new GPU's as well as other AI related products. This new found momentum puts NVDA into a strong buy zone with a \$530 buy range.



# THE MEM EDGE

*Midweek Report*

Advanced Micro (**AMD**) also outperformed this week amid the unveiling of new desktop processors. The stock is approaching its late December high in price and can be bought in the \$145 range closer to its 5-day mav. Both AMD and NVDA were keynote presenters at the Consumer Electronics Show (CES) in Las Vegas this week.

Broadcom (**AVGO**) performed in line with the Semiconductor group and the stock can be bought with a close above its 21-day moving average.

Software stocks regained their uptrend today with a move back above its shorter term moving averages that followed the RSI moving back into positive territory. (using ETF IGV)

ServiceNow (**NOW**) gapped up with a close today that puts the stock within points of a 1-month base breakout. As noted on Sunday, longer term investors could stay with the stock while we were negative on the shorter term outlook.

This week's gain has put **NOW** back into an uptrend and a buy zone. The bullish price action follows several price target upgrades for the stock which is due to report earnings in 2 weeks.

Microsoft (**MSFT**) is also in a strong buy zone as a rally today puts the stock within a point of a 6-week base breakout. The stock is continuing to see Wall Street upgrades as they integrate AI capabilities into their suite of products. The company is due to report earnings in 3 weeks.



# THE MEM EDGE

*Midweek Report*

Mega Cap name Meta Platforms (**META**) posted a strong gain today on above average volume following a price target upgrade to \$470 from a top Wall Street analyst. The upgrade highlighted the company's move to higher efficiency amid increased growth prospects.

This has been a common theme among analysts after last year's cost cutting by way of slashing jobs and the company's expected growth in advertising sales. **META** is poised to trade higher and can be bought in the \$360 range.

Consumer Discretionary stocks received a boost from a sharp gain in Amazon (**AMZN**) amid news of strong holiday sales. The company is also cutting jobs which is boosting shares. (AMZN) is in a buy zone and can be bought at the \$150 range - closer to its 5-day moving average.

Housing stocks also regained their uptrend with a rally today that puts the group back above its 10-day moving average. (using ETF XHB)

Toll Brothers (**TOL**) posted a similarly bullish move and the stock is in a strong buy zone as analyst raise earnings estimates for both this year and next.

M/I Homes (**MHO**) has a bit more work to do as it is digesting a multi-month period of having an overbought condition. The stock can be bought on a move above its 10-day moving average at the \$133 level.





# THE MEM EDGE

Midweek Report

We're adding shoe manufacturer Deckers (**DECK**) to our Suggested Holdings List after the stock regained its shorter term moving average amid analyst upgrades to the growth prospects for both this year and next. The stock is in a strong buy zone.

Bank stocks are flat for the week ahead of the release of earnings from several major Banks on Friday.

Popular Inc. (**BPOP**) AND EastWest Bancorp (**EWBC**) are both in bullish positions from which to benefit should we see Bank stocks regain their upside momentum. Comerica (**CMA**) is also posting a flat base from which a breakout to the upside could take place.

Charles Schwab (**SCHW**) continues to weaken with a 2% loss this week that puts the RSI close to turning negative while the stock closes lower below its 21-day moving average. We're removing SCHW from our Suggested Holdings List.

Healthcare stocks are underperforming this week however, each of the names in this sector that are on our List are outperforming and remain in confirmed uptrends. Vertex (**VRTX**) and Boston Scientific (**BSX**) look particularly strong as they trade higher on above average volume while finding support at their upward trending 5-day moving averages.

**VRTX** can be bought at current levels while **BSX** can be bought at the \$58 range - closer to its 5-day moving average.

This week's renewed interest in Growth stocks is taking place despite interest rates remaining relatively elevated as the yield on the 10-year Treasury is at 4%.



# THE MEM EDGE

*Midweek Report*

Tomorrow, Consumer Price data will be released with the core CPI data being the most anticipated. This will be followed by Producer Price data on Friday and again, core PPI data will be of interest.

Investors are on the lookout for a rate cut from the Federal Reserve later this quarter and any strength in either of these reports, may derail this optimism.

We're report further on this and other market related factors in our weekend report which will be released on Monday.

Warmly,  
Mary Ellen McGonagle  
Editor, MEM Edge Report