



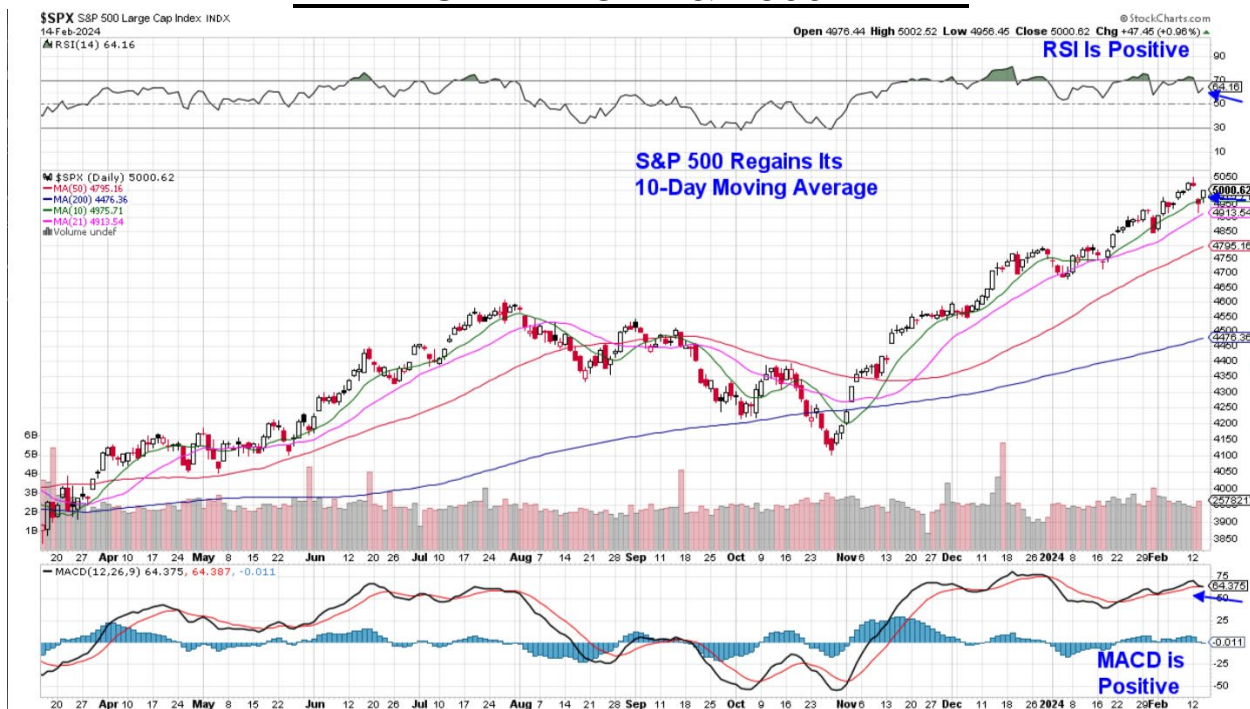
# THE MEM EDGE

Midweek Report

Wednesday, February 14th, 2024

- Consumer Price Index For January Comes In Stronger Than Expected
- January Retail Sales and Industrial Production Data Due Tomorrow
- Core producer Price Index Report Due Friday
- Interest Rates Remain Elevated
- Removing Adobe Systems (ADBE) From Suggested Holdings List

## DAILY CHART OF S&P 500 INDEX



The S&P 500 is down 0.5% for the week but has closed above its 10-day moving average. With the RSI and MACD remaining in positive territory, the near-term uptrend in this Index is firmly in place.



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The NASDAQ has pulled back 0.8% however, it remains above its key 10-day moving average with its RSI and MACD in positive territory. The near-term uptrend in this Index remains firmly in place.

It's been a bumpy week with yesterday's stronger than expected CPI report causing a sharp pullback as interest rates increased. The growth heavy NASDAQ was hit the hardest - selling off as much as 2.2% intraday before buyers came in and the Nasdaq closed down only 1.1%.

Despite the heavy selling, leading growth stocks such as those on our Suggested Holdings list held up well on the day. This would include CrowdStrike (**CRWD**) which recovered from a pullback to its 21-day moving average to close the day in the green. **CRWD** is in a strong buy Zone after today's move back above its 5 day moving average.

Intuit (**INTU**) and Salesforce (**CRM**) are in a similarly bullish position with a close above their 10-day moving averages. **INTU** received a major Wall Street price target upgrade to \$750 ahead of the release of their earnings next Thursday. While CRM has received a price target upgrade to \$325 ahead of their earnings in 2 weeks. Both stocks are in a strong buy zone.

Synopsys (**SNPS**) experienced sloppier price action with a larger pullback that it only partially recovered from. **SNPS** did regain its 10-day moving average and is back in its cup with handle base breakout level. The stock is in a buy zone ahead of the release of their earnings next Wednesday.



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ServiceNow (NOW) Regained its 10-day moving average as well and is in a buy zone.

Not all Software stocks fared well after yesterday's pullback with Adobe (**ADBE**) down 3.6% in a move that has this stock closing below its 50-day moving average with the RSI in negative territory. We're removing ADBE from our Suggested Holdings List.

Semiconductor stocks recovered from their 2% pullback so that they're flat for the week; however, both Advanced Micro (**AMD**) and Nvidia (**NVDA**) pulled back less than the group and have posted gains for the week so far.

As suggested in our Sunday report, **AMD** is emerging from a period of consolidation and the stock is now in a strong buy zone as it continues to form the right side of a base. Nvidia (**NVDA**) is also in a strong buy zone as it continues to find support at its upward trending 5-day simple moving average.

Recently added Lam Research (LRCX) remains in a confirmed uptrend and the stock can be bought on a pullback to the \$898 range at its 5-day simple moving average.

Among Healthcare stocks, Eli Lilly (**LLY**) continues to trade higher with a 2.2% gain today that pushed the stock out of a high tight flag formation. The breakout puts **LLY** in a position to trade higher and the stock is in a buy zone.

Boston Scientific (**BSX**) also posted a base breakout today And the stock can be bought on a pullback to the \$65 range at its 5-day simple moving average.



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Intuitive surgical (**ISRG**) has pulled back 2% so far this week and a close back above its 10-day moving average at \$385 would put the stock into a strong buy zone.

Netflix (NFLX) surged higher today with a 4.5% rally on above average volume. The move puts the stock in a strong buy zone as it's a hair away from a 3 week base breakout.

The Consumer Discretionary sector is underperforming this week led by 2% percent pullback in both Amazon and Tesla. The Retail ETF (**XRT**) is faring better, and is in a strong buy zone after recovering above its 10-day moving average today on heavy volume.

Retail sales data for January will be released tomorrow morning before the markets open and the results may impact this ETF.

Meta Platforms (**META**) and Deckers (**DECK**) are continuing to consolidate after their recent gaps up in price response to strong earnings. Both stocks appear poised to consolidate a bit further however longer term they are in a position to trade higher.

Yesterday's sharp pullback in the markets in response to a stronger than expected rise in consumer prices has set a precedent that high quality growth stocks can be bought on any pullback.

On Friday, key Producer Price Index (PPI) data for January will be released and we anticipate the markets to rally should we see any hint that inflation is decelerating.





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Warmly,  
Mary Ellen McGonagle  
Editor, MEM Edge Report