



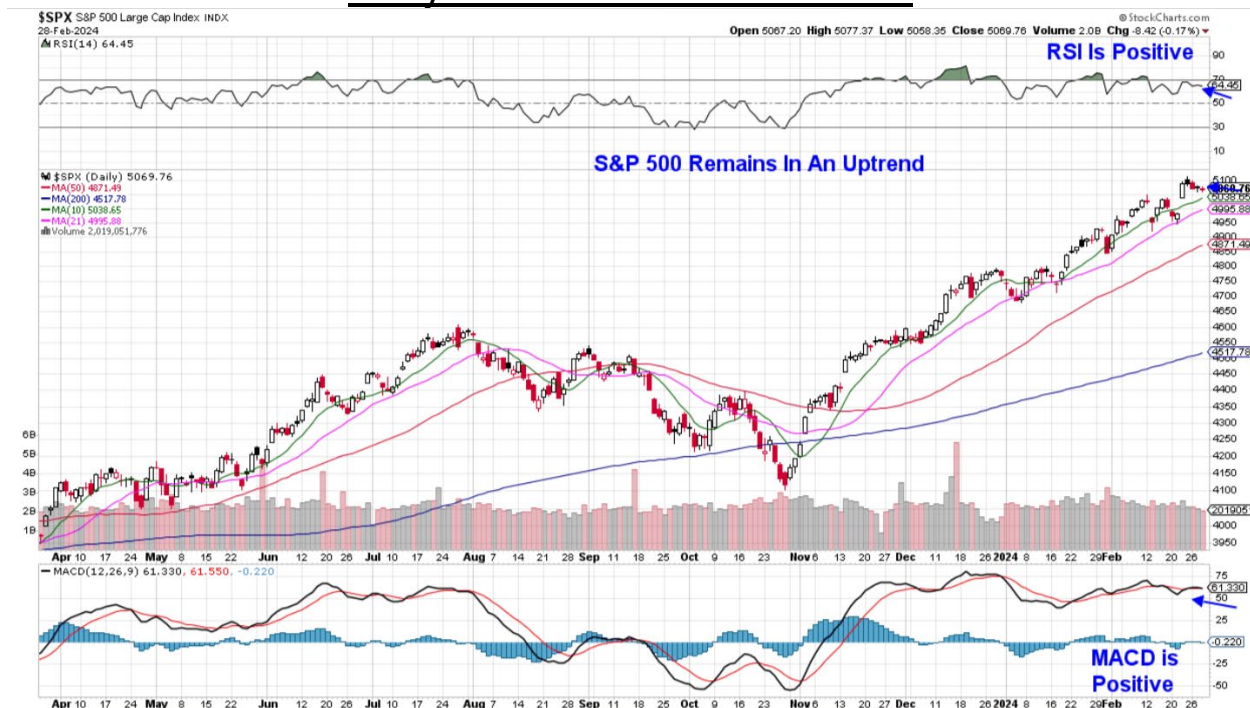
# THE MEM EDGE

Midweek Report

February 28, 2024

- New Home Sales Inch Higher In January
- Consumer Confidence Falls Amid Political Uncertainty
- Q4 GDP Revised To 3.2% - Remains Strong
- Core PCE Data Due Tomorrow
- Removing ServiceNow (NOW) From Suggested Holdings List

## Daily Chart Of S&P 500 Index



The S&P 500 is down 0.4% so far this week in a move that keeps this index above its key moving averages. With the RSI and MACD in positive territory, the near-term uptrend remains in place.



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The slight pull back in the S&P 500 pushed the RSI on the weekly chart down a couple of points to 73.5 which is a positive. As you may recall, in our Sunday report we cited that an RSI above 80 on the weekly chart would be quite concerning.

The Equal Weighted S&P 500 is flat for the week, with the relative outperformance being driven by money flows into areas outside of the Magnificent Seven stocks. This bodes well for the markets as a broadening out of participation will create a firmer footing from which the markets can continue to trade higher.

The NASDAQ has lost 0.3% for the week amid outsized gains in Tesla (TSLA) as well as outperformance in Netflix (NFLX) and Meta (META) from our suggested Holdings list.

Similar to market dynamics we've been experiencing over the last 6 weeks, the biggest gainers and decliners have been stocks that have reported their quarterly results. As is typical toward the end of earnings season, we're in a phase where many Retailers are reporting results and overall, the response has been positive.

In turn, the S&P retail ETF (XRT) has gained almost 2% this week. As suggested on Sunday, a pullback to the \$74 range was suggested which we saw on Monday from which the stock rallied. XRT is in a confirmed uptrend and can be bought in the \$75.50 range near its 5 days simple moving average.

Among Retailers on our Suggested Holdings List, Shake Shack (SHAK) has been a real outperformer with a 5.5% rally after a Monday base breakout signaled a new uptrend. The stock is in a buy zone.



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TJX Cos (TJX) Is also outperforming after reporting quarterly results that were better than expected. The stock broke out of a 3-week base with a MACD crossover that signals a new uptrend TJX is in a buy zone.

Homebuilders are outperforming again this week amid interest rates that are holding steady and strong earnings from select names such as Toll Brothers (TOL) who reported last week. TOL is trading in line with the group and is in a strong buy zone as it's finding support at its opportunity 5-day simple moving average.

The Technology sector is trading in line with the markets with a boost from Software stocks which have gained almost 1%. Among the better performers have been cybersecurity Software stocks which are regaining their momentum after last week's sharp pullback. This would include CrowdStrike (CRWD) which has bullishly regained its 10-day simple moving average and resumed its uptrend. This puts the stock into a buy zone however it's important to know that they are due to report their earnings next Tuesday.

Salesforce (CRM) had been outperforming however, they came out with their quarterly results after the close today and the stock is trading down over 4% and aftermarket hours after posting weak guidance going forward.

ServiceNow (NOW) is among the weaker names on our list, with a 1.5% decline that has the RSI back in negative territory on the daily chart. The continued weakness in NOW coupled with the high volume on this week's selling, has us removing the stock from our Suggested Holdings List.



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Synopsys (SNPS) is continuing to drift lower after the release of their earnings last week. The good news is, the selling is on below average volume however, the pullback has closed the gap up which it initially experienced after reporting results which can be negative.

The overall uptrend in SNPS remains however and we suggest using the Intraday/1-hour chart to pinpoint an entry. In particular, a close above the 5 and 13 hour simple moving averages with a positive RSI and a positive MACD crossover, would be an ideal by point.

Intuit (INTU) pulled back slightly despite reporting earnings that were above estimates. This is not particularly constructive however the stock remains in an uptrend and can be held.

Semiconductor stocks are down slightly with the group pulling back to its 10-day simple moving average but remaining in a confirmed uptrend. (using ETF SOXX)

Nvidia (NVDA) is pulling back a bit more than the group with a 1.5% decline. As noted in our Sunday report, we're on the lookout for the stock to consolidate further with a pullback to its 10-day moving average being ideal, as it will allow NVDA to set up for another leg up.

Advanced Micro (AMD) is flat for the week with a positive RSI. a close above the \$178 level in combination with a positive MACD crossover (black line up through the red) would put the stock into a strong buy zone.





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Healthcare stocks are among the worst performing so far this week with a 1.3% decline being led by a pullback in large farmers such as Eli Lilly (LLY) from our list. The pullback has caused a negative MACD crossover on the daily chart which oftentimes can signal an upcoming period of consolidation.

A period of consolidation would be quite constructive for LLY as it would allow the stock to set up for another leg up.

Boston Scientific (BSX) is in a buy Zone as it continues to find support at its upward trending 10-day simple moving average. While intuitive Surgical (ISRG) would need a positive MACD crossover to be back in a buy zone.

ETF IBB Remains in a confirmed uptrend with a base breakout this week amid a rally in biotechnology stocks. IBB is in a buy Zone after today's pullback to its 5-day simple moving average.

Communication services is the worst performer this week led lower by a 5.3% decline in Alphabet (GOOGL).

Netflix from this group is outperforming however with a 2.4% rally that has this stock And a buy zone as a continues to find support at its upward trending 5-day simple moving average.

Among industrials, Eaton (ETN) is in a buy zone as it finds support above its upward trending 5-day simple moving average. The stock has gained 0.7% this week amid analyst upgrades.

Home construction deck company Trex (TREX) Has pulled back despite reporting earnings and sales that were ahead of estimates. the stock remains in an uptrend however and the stock



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may just need time as it was at a near-term high prior to their report. At this time, the stock can be held.

Among notable price action this week is a 1.3% rally in Small Cap stocks with Biotech stocks rallying 1%. The outperformance in these riskier assets is constructive, as it points to investor confidence in the broader markets as well as the economy.

Tomorrow's CPE report may test that confidence should we see a strong inflation report. However at this time, the broader markets remain in a confirmed uptrend with many of this year's winners marking time which can be quite constructive.

Not every stock on our suggested Holdings list was commented on which simply signals that there has not been a change in status.

Warmly,  
Mary Ellen McGonagle  
Editor, MEM Edge Report