



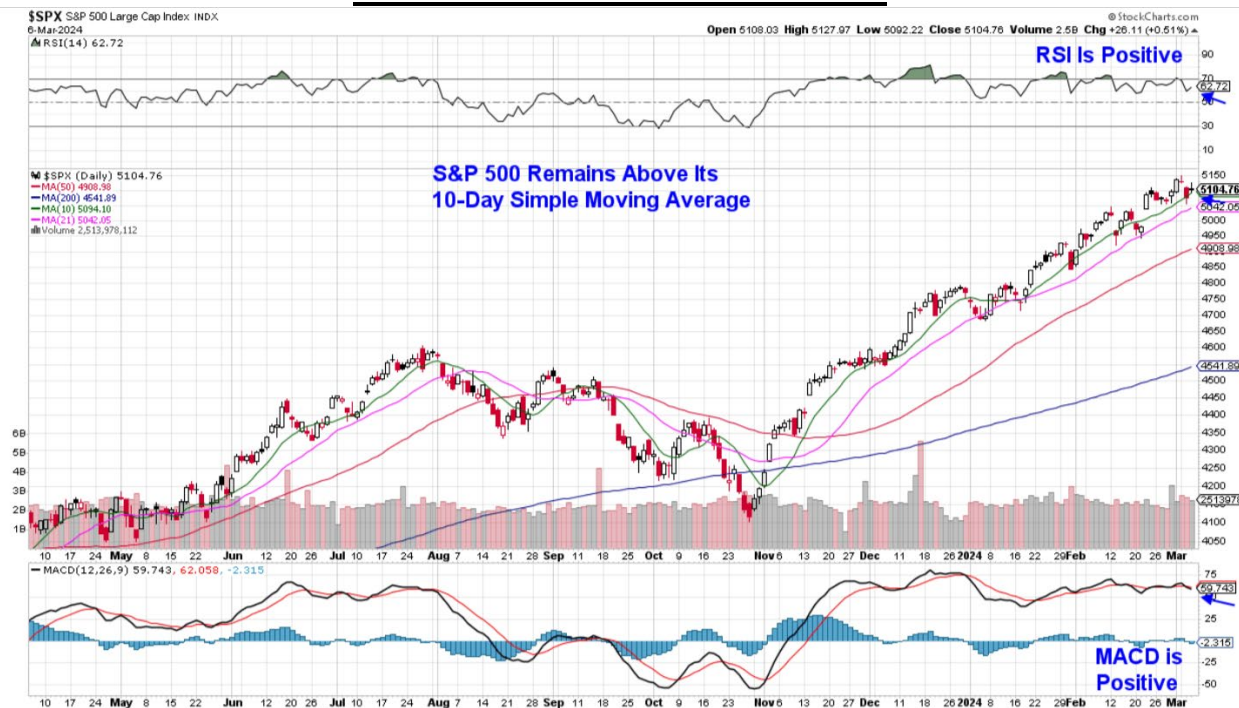
THE MEM EDGE

Midweek Report

Wednesday, March 6th 2024

- Chinese Economic Woes Hit Select Tech Stocks
- Broader U.S. Markets Remain In Uptrend
- Powell's Testimony Is In Line With Earlier Comments
- Broadcom (AVGO) Earnings Tomorrow
- Broader Employment and Wage Data Due Friday
- Removing Intuit (INTU) and TJX Co. (TJX) From Suggested Holdings List

DAILY CHART OF S&P 500



The S&P 500 gained some ground after yesterday's sell-off so that it's down 0.6% for the week so far. The move keeps this Index above its key 10-day simple moving average and with its RSI and MACD in positive territory, the near-term uptrend for this Index remains in place.



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Growth stocks have taken a back seat this week, as the largest gainers have been from beaten down areas of the market such as Utilities (XLU), Staples (XLP) and Bank (KRE) stocks. REIT stocks are also outperforming.

The Tech heavy NASDAQ is down 1.5% for the week, led lower by underperformance in each of the Magnificent Seven stocks with the exception of Nvidia (NVDA). Software stocks have also struggled this week with a 3% loss.

One bright spot in Tech has been Semiconductor stocks which have gained 1.4% for the week (using ETF SOXX). Nvidia (**NVDA**) continues to be the clear-cut leader in this group however, this week's 7.8% advance has put the stock well above it's key moving averages as it's 9% away from its 10-day mav.

This is similar to the late February period and at that time, a pullback to the 5-day moving average proved to be an ideal buy point. At this time, we're on the lookout for a pullback to this 5-day mav which is at the \$843 level and would be an ideal buy point.

Advanced Micro (AMD) is also outperforming the group, with a 4% gain for the week. Yesterday's pull back to its 5-day simple moving average proved to be an ideal buy point and we are on the lookout for this to occur again, which would put the buy zone at the \$203 range.

Broadcom (**AVGO**) is pulling back ahead of the release of their earnings tomorrow after the market's close.



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As mentioned in our Tuesday alert report yesterday, Software stocks have come under selling pressure this week with those companies incurring revenue from China, seeing the most selling. Other negative factors are at play with this group as well, with Cybersecurity related stocks being among the weakest.

CrowdStrike (**CRWD**) from our list originally rallied over 20% following news of strong earnings and sales; however, the stock lost half of those gains to close the day below its \$338 base breakout level. Today's rally did help CRWD regain a bullish RSI. However, we'd like to see a move back above \$338 before adding to any position.

Recently added CommVault (**CVLT**) is in a strong buy zone after today's base breakout puts the MACD on the cusp of a bullish crossover. Salesforce (CRM) is also in a bullish position to trade higher after finding support at its 10 day simple moving average with bullish momentum indicators.

The sloppy price action in Synopsis (SNPS) has us less interested in this stock however, a close above its 5-day simple moving average at \$580 would bode well for its near term prospects.

While we're citing bullish characteristics of names from our list, the overall Software group has not regained its uptrend. (using IGV). We will need to see the RSI move back above 50 and a close above its 21-day simple moving average before we would be a buyer of any of these names.



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The Consumer Discretionary group is the worst performer so far this week LED lower by a 13% decline in Tesla. Heavyweight stock Amazon (AMZN) is also underperforming with a pullback on very light volume. Historically, AMZN and can be bought on a pullback to its 21-day simple moving average which puts the stock in a buy zone at current levels.

Homebuilders are flat for the week however, Toll Brothers (**TOL**) has gained 1% amid a backdrop of interest rates that are continuing to decline as well as strong growth prospects for the company. **TOL** remains in a buy zone as it continues to find support at its upward trending 5-day moving average.

The Retail Group (**XRT**) has pulled back 2% amid a sharp drop in heavyweight name Nordstrom (JWN) which fell after a weak earnings report. A clothes back above its 10-day moving average would put XRT back into a buy zone, however, further weakness in the group would have us using January of this year as precedence. At this time, XRT can be held.

Elsewhere on our list, TJX Co. (**TJX**) Is continuing to show relative weakness with a 2% pullback that has the RSI now in negative territory. We are removing the stock from our Suggested Holdings list.

Deckers (**DECK**) is continuing its winning ways with a 1% gain as it continues to find support above its upward trending 5-day simple moving average. the stock is in a buy zone. Peer Footwear stock Crocs (CROX) is pulling back however and a close below it's 10-day simple moving average would have us concerned about its near-term uptrend, particularly as the MACD is poised to post a negative crossover. At this time, the stock can be held.



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Industrial stocks are flat for the week while Eaton (ETN) continues to trend higher. The stock remains in a buy zone with its uptrend intact and historically, a pullback to its 5-day moving average which is currently at \$294 has proven to be an ideal buy point.

Healthcare stocks are mostly flat for the week as well, as is Eli Lilly (LLY) from our list. The stock appears to be in a period of consolidation as it remains in a tight trading range. the stock is in a buy zone.

Shockwave (SWAV) has pulled back to its 21-day simple moving average which historically has proven to be a buy point. The stock is in a buy zone.

This week's move away from Growth stocks may provide these areas with a needed period of consolidation which would allow the Technology and Communication Services sectors an opportunity to continue to set up for another leg up.

With interest rates continuing to decline and the broader markets remaining in an uptrend, we would suggest staying with stocks that have longer term growth prospects such as NVDA and AMD while also keeping some cash on the sidelines, to take advantage of the eventual move back into Growth stocks elsewhere on our List.



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Not all stocks from the list were highlighted today and if there's a name you'd like insight into, please email me at MaryEllen@SimplerTrading.com. In addition, if you missed yesterday's Alert Report, it can be accessed in the dashboard.

Warmly,
Mary Ellen McGonagle
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