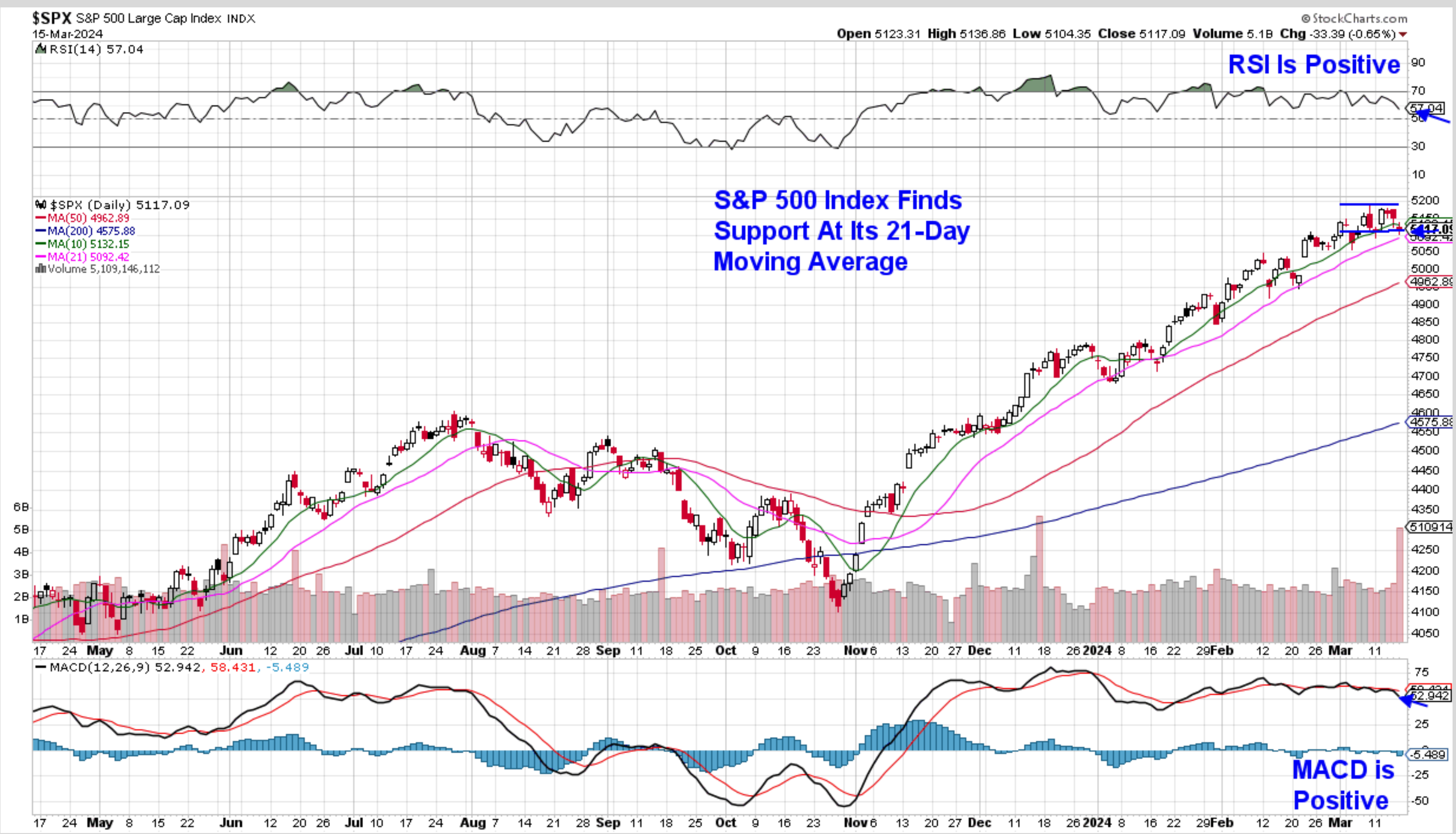
THE MEM EDGE

March 17, 2024 | Weekly Report

This Week's Highlights

- Consumer Price Index Data Shows Inflation Is Rising
- Interest Rates Trend Higher
- Oracle's Earnings On Tuesday Boosts AI Stocks
- Retail Sales Post Largest Increase Since September
- Core PPI Data Shows Inflation Not Slowing
- FOMC Interest Rate Decision And Press Conference Next Wednesday

Daily Chart of S&P 500



The S&P 500 closed the week down 0.1% in a move that puts this Index below its key 10-day simple moving average, while finding support above its 21-day simple moving average. With the RSI and MACD in positive territory, the near-term uptrend remains in place.

Despite last week's sideways price action, the RSI on the weekly chart of the S&P 500 remains elevated at 75.6. As noted in recent reports, we are keeping a close eye on this metric as historically, an RSI above 80 on the weekly chart has preceded a pullback of a longer duration when coupled with a negative MACD crossover occurring as well. We will continue to monitor this.

The NASDAQ fared worse with a 0.7% pullback which has this Index closing below its 21-day simple moving average. In addition, the RSI on the daily chart is sitting at 51 and trending lower, which puts it close to turning negative. Should we see further selling, the first area of possible support is its mid-February low of $15451.

The longer-term, weekly chart of the NASDAQ remains in a confirmed uptrend however, should we see a negative MACD crossover similar to last August, we will be on the lookout for further possible downside.

As you may recall, interest rates began ticking higher in August, which pushed many areas of the market lower.

Last week's pullback in the NASDAQ was led by a 4% drop in Semiconductor stocks with Software, Medical Products, and Biotech stocks also underperforming for the week.

Earnings reports from AI-related stocks impacted the NASDAQ the most last week which we will review. Reports that inflation is rising was another factor, as it pushed interest rates higher in anticipation that the Federal Reserve will push out any rate cut program. Rising interest rates are particularly negative for growth stocks, as it reduces the value of their future earnings.

Last week, Energy stocks were the top-performing sector led higher by a rise in the price of oil. Strong earnings reports from select names in this group also provided a boost. This week we're adding an Energy name to our Suggested Holdings List.

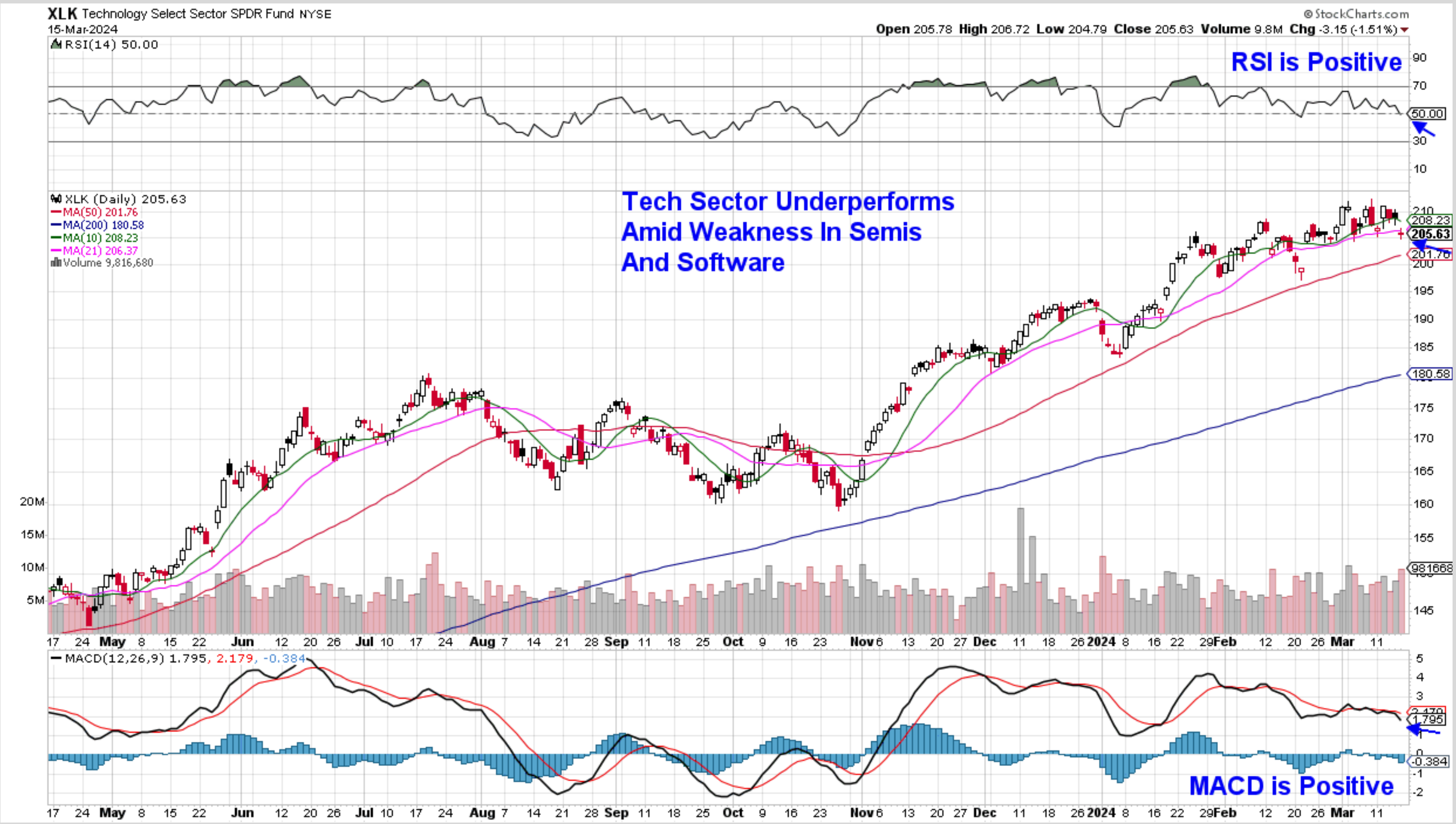
Among the Magnificent Seven stocks, Tesla (**TSLA**) tumbled 6.7% while Alphabet (**GOOGL**) outperformed with a 4.3% rally. Most of the other seven names performed in line with the markets. The equal-weighted version of both the S&P 500 and the NASDAQ were down quite a bit more than their broader index versions, as several heavy-weighted sectors underperformed last week such as Healthcare, Technology, and Consumer Discretionary.

This week, our sentiment remains similar to last week. While the uptrend in the broader markets remains in place, we would be careful about adding to positions - particularly in areas of growth that are beginning to exhibit signs of exhaustion.

Next week, interest rates will continue to be in focus with investors keeping a close eye on the FOMC meeting notes which will be released on Wednesday amid Fed chair Powell's news conference.

Also on deck next week is Nvidia's semi-annual GTC conference which focuses on AI, computer graphics, and machine learning. CEOs from major corporations will be speaking from Monday to Thursday, which may impact stocks in these areas. (For those who are interested, you can register and attend online.)

Daily Chart of the Technology Sector (XLK)



[Technology Sector Comes Under Pressure]

The Tech sector was hurt by a sharp pullback in Semiconductor stocks, with 90% of the names in this group trading lower for the week. Every area of this group was hurt, with half of all 100 Semiconductor stocks now trading below their key 50-day simple moving average. This widespread weakness is concerning.

Heavyweights such as Nvidia (**NVDA**) and Advanced Micro (**AMD**) from our List remain above their key 21-day moving average however, which is helping the overall group remain in an uptrend. (using ETF SOXX).

Advanced Micro Devices (**AMD**) fell almost 8% last week before a Friday rally helped push the stock back above its 21-day simple moving average. The pullback followed news that Intel was able to sidestep sanctions against sales to China which **AMD** claimed hurt their revenue by hundreds of millions of dollars.

As mentioned in last Sunday's report, we were on the lookout for a possible negative MACD crossover on the daily chart of **AMD** to signal a pullback following the stock's march to a new high in price last week.

An Intraday/one-hour price chart can be used to identify whether Friday's rally has legs. In particular, we will want to see the RSI turn positive and eventually be confirmed by the MACD turning positive as well. Until then, the stock can be held.

Broadcom (**AVGO**) also fell further than the group with a 5.5% pullback that puts the stock just at its 50-day simple moving average. This week's decline followed a pullback the prior week due to the company's report of earnings that were below estimates.

At this time, the RSI is now in negative territory and we are using the November into December as precedence. A close back above its 21 and 10-day simple moving averages would put AVGO back into an uptrend. Should we see further selling however a close below the 50-day simple moving average would have us removing the stock from our Suggested Holdings List.

Lamb Research (**LRCX**) closed below its 21-day simple moving average with a negative RSI in a move that is similar to its early January pullback. At this time, the weekly chart remains constructive however shorter-term investors may want to lighten up on the stock with an eye toward re-entering it when it regains its shorter-term moving averages on volume similar to late January of this year.

Nvidia (**NVDA**) was the sole Large Cap semiconductor stock to end the week in the green after gaining half of a percent. However, the mostly sideways price action has pushed the MACD into a negative crossover.

NVDA is in an uptrend however, the negative MACD crossover has us concerned that at the very least, a pause is due. The stock experienced a similar negative MACD crossover in late February however, its recovery was due to Nvidia's release of outsized earnings and sales.

As mentioned, Nvidia will be hosting their annual GTC conference, and comments there may boost the stock. Other high-profile AI-related companies such as Microsoft (**MSFT**) will also be speaking at the event.

Last week's 1.6% decline in Software stocks has put the group into a downtrend after a close below its 50-day moving average and an RSI that is now in negative territory. (using ETF IGV).

It was a bumpy period last week for this group after heavyweight stock Oracle (**ORCL**) gapped up and traded higher after reporting strong results as well as announcing AI-related product plans. The news helped other stocks in this group trade higher on Tuesday.

Friday's release of weak earnings from heavyweight name Adobe (**ADBE**) pushed the group lower on heavy volume.

News of increased inflation on Thursday with the release of PPI data, also pushed software stocks lower as interest rates climbed in response. Historically, software stocks tend to respond the most negatively to a rise in rates as it reduces the value of their subscription-based, future earnings.

This week, we're removing Synopsis (**SNPS**) from our Suggested Holdings list as the stock's RSI has moved further below 50. In addition, the company provides design software for chip manufacturers and recent weakness in that area may dampen sales over the near term. The longer-term, weekly chart remains constructive however, so that longer-term investors can stay with the stock.

Heavyweight software stock Microsoft (**MSFT**) was able to sidestep the weakness elsewhere, after announcing on Thursday that their AI product Copilot for Security will be available worldwide next month.

MSFT broke out of a five-week base on heavy volume in response to the news. Microsoft is in a buy zone however, Industry and Sector dynamics suggest near-term weakness ahead. The stock can be held.

CommVault Systems (**CVLT**) also remains in a confirmed uptrend, as it remains above its shorter-term moving averages with its RSI and MACD in positive territory. The provider of storage management software can be held.

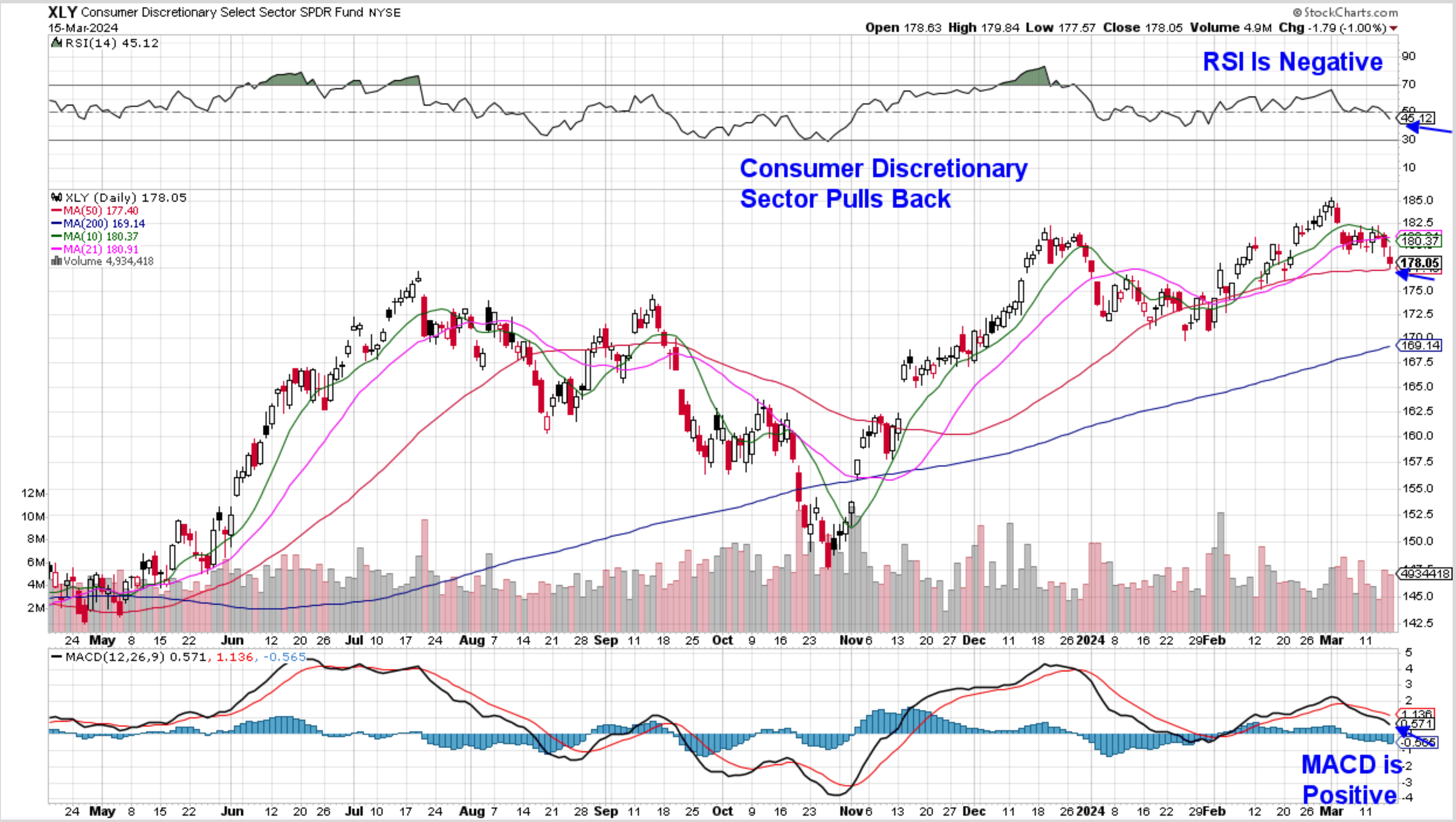
Both Crowdstrike (**CRWD**) and Salesforce (**CRM**) have closed the week below their 21-day moving average with their RSI now just below 50. Both stocks can be held.

The current weakness in Software stocks amid a rise in interest rates is similar to early September to mid-October of last year. As yields rose during that time, the Software group entered a near-term downtrend.

Semiconductor stocks as well as the overall Technology sector (**XLK**) struggled during this period as well, beginning in late August until the beginning of November.

While painful, this period of underperformance from September and October, provided a base from which these groups emerged and have since led the markets higher.

Daily Chart of the Consumer Discretionary Sector (XLY)



[Consumer Discretionary Sector Among Worse Performing]()

Heavyweight stock Tesla (**TSLA**) continues to weigh heavy on this sector with a 7% loss last week. Restaurant stock McDonald's (**MCD**) also pulled back with a 4.5% loss after management commented that they are losing lower-income patrons due to higher prices.

Not all areas suffered last week, however. Among Footwear stocks on our list, Crocs (**CROX**) outperformed the most, with a 2.5% gain that keeps this stock in a confirmed uptrend. The stock is two points away from an 8-month face breakout at the $130 level. The stock is in a buy zone.

Shake Shack (**SHAK**) was in a tight trading range last week and closed the week flat. This has allowed the RSI to trend lower from an overbought position. With **SHAK** trading above its 5 and 10-day simple moving average the stock is in a buy zone.

Deckers (**DECK**) has also been trading in a fairly tight trading range as it continues to trend higher following its gap up in price on earnings 6 weeks ago. A close back above its 10-day at $916 would put the stock into a buy zone.

Target (**TGT**) pulled back 3.5% on very light volume that has allowed the RSI to drop below an overbought level. At this time, we would be a buyer on a close back above its 10-day moving average in the $166 range. Analysts continue to raise earnings estimates for both this year and next following the release of their results earlier this month.

Housing stocks continue to outperform after gaining 0.5% despite a rising interest rate environment that's causing mortgage rates to increase. (using ETF XHB) Among Large Cap home builders, Toll Brothers (**TOL**) continues to be the leader after hitting a new high on Wednesday before pulling back.

TOL Is in a buy zone after a close above its 10-day simple moving average coupled with positive momentum indicators. Next week, housing-related data for February will be released Including housing starts data on Tuesday. The numbers may impact stocks such as Toll Brothers.

Heavyweight retailer Amazon (**AMZN**) was poised for a 3-week base breakout at $180 before a Friday pullback put the stock at its 21-day simple moving average. The stock has remained range-bound amid a lack of major news and a move above $180 with a bullish MACD crossover* would put the stock into a strong buy zone. (* black line up through the red on the daily chart)

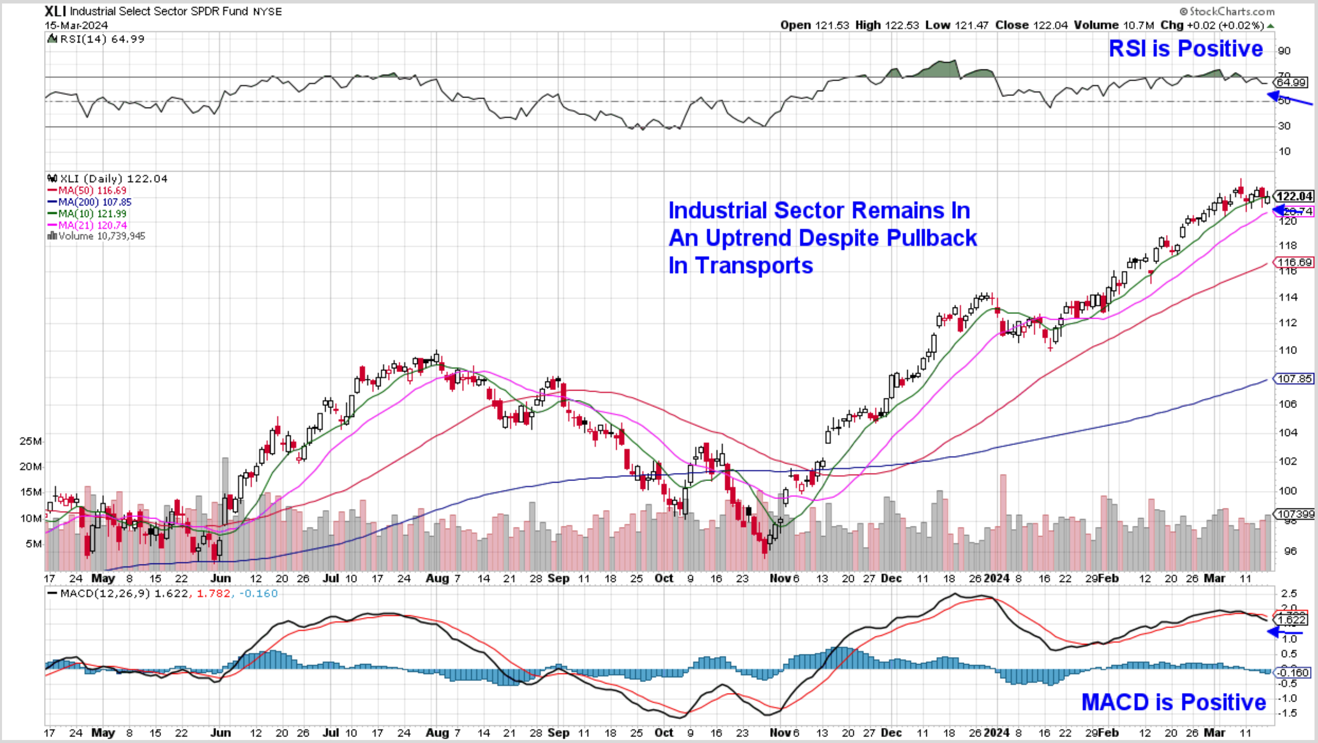
The S&P 500 Retail ETF (**XRT**) was flat for the week in a move that keeps this ETF just below a possible 13-month base breakout at $77. A close back above its 10-day simple moving average at $76 would put **XRT** into a buy zone.

Several retailers are due to report their earnings next week led by Mega Cap name Nike (**NKE**) which has been in a downtrend since the release of their last earnings in late December. The company has seen sales drop amid a decline in economic growth in China.

The Consumer Discretionary sector is another high-growth area that suffered last fall led by a multi-month decline from September to November in heavyweight retailers such as Target, Lowe's, and Home Depot to name just a few.

At this time, most of those stocks mentioned above remain in an uptrend and above their shorter-term moving averages. And while interest rates may be on the rise similar to last fall, economic growth at this time, is at a higher level.

Daily Chart of the Industrial Sector (XLI)



[Industrial Sector Is Flat For The Week]()

The industrial sector was flat last week due to a sharp drop in transportation stocks such as Airlines and Rails. Next Thursday, Air Freight provider FedEx (**FDX**) will be reporting their quarterly earnings. The results are closely watched as an increase in activity would point to economic growth, as more purchased goods would need to be transported.

Among other areas of this sector, home decking supplier Trex Co. (**TREX**) was flat for the week which was in line with its peers. The stock has been in a trading range after the release of its earnings in late February which were ahead of estimates. The company's lack of upside momentum has us removing it from our Suggested Holdings List.

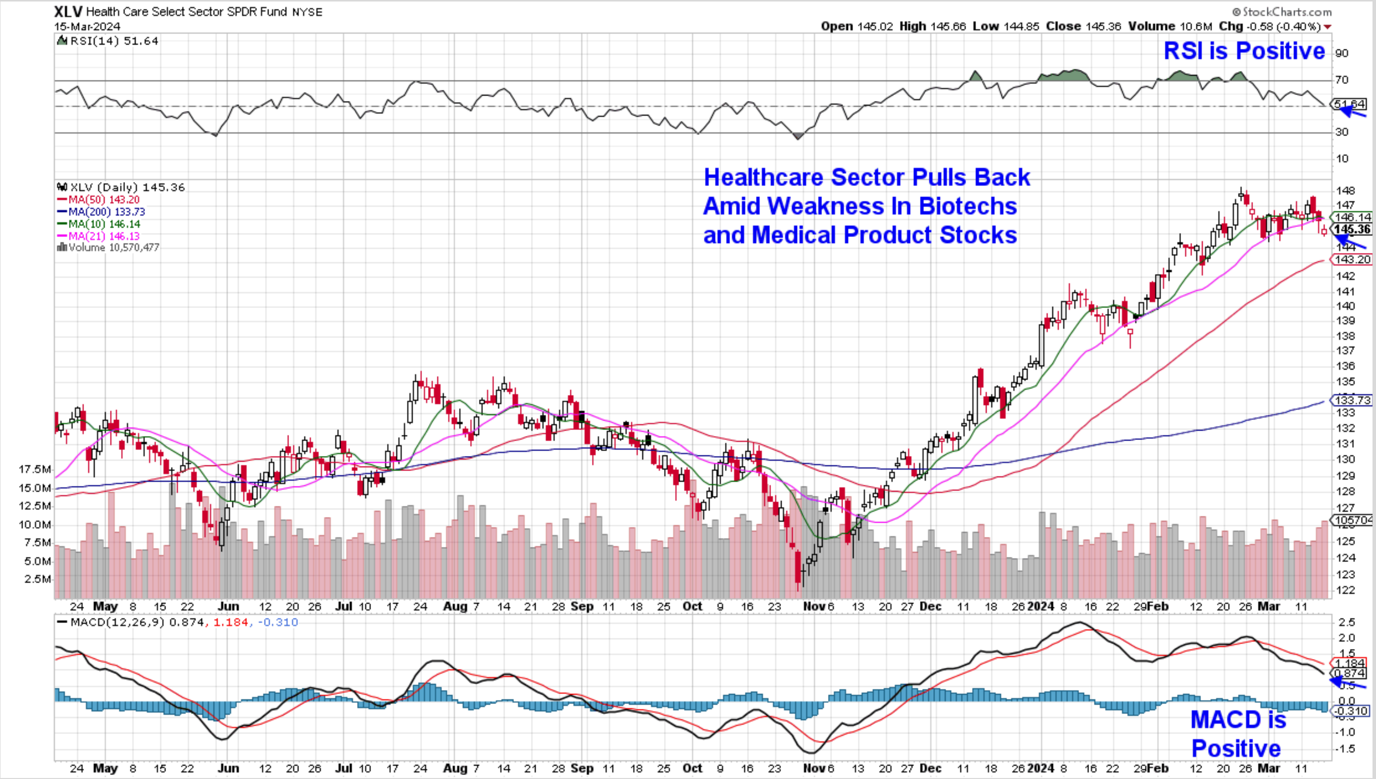
This week, we're adding FTAI Aviation (**FTAI**) to our Suggested Holdings list after a 1-month base breakout on Friday that took place on heavy volume.

The provider of aftermarket aircraft engines received a major Wall Street upgrade on Friday amid aerospace industry challenges such as a shortage of original equipment manufacturers for parts.

In addition to a base breakout, **FTAI** posted a positive MACD crossover which puts the stock into a buy zone. The stock can be bought at the $58 range at its 5-day simple moving average.

Eaton Corp (**ETN**) from our list closed the week flat as well, which has allowed the RSI to dip below its recently overbought position on the daily chart. The stock remains in a confirmed uptrend and can be bought. **ETN** tends to trade higher in the midst of bullish AI-related news and next week's Nvidia conference may provide a boost.

Daily Chart of the Health Care Sector (XLV)



[Healthcare Sector Close To Losing Its Uptrend]

Healthcare stocks pulled back amid a decline in Medical Products stocks as well as Biotechs. Both areas were down over 2% for the week.

Biotech's (**IBB**) pulled back the most on Thursday, after a higher-than-expected inflation report initiated a risk-off environment among investors as interest rates ticked higher. This week, we are removing the Biotech ETF from our Suggested Holdings List after a close below its 50-day moving average on Thursday on above-average volume.

Large Cap Pharmaceuticals also pulled back such as Abbott Labs (**ABT**) which declined due to a negative verdict to a rival baby formula provider. Using an intraday and daily chart, **ABT** appears to be in a buy zone and we are adding the stock to our Suggested Holdings List. However, new positions should be entered lightly until the RSI on the daily chart enters positive territory which would provide more conviction.

Using the signals outlined in my article that was published on Friday, you will see that the stock is exhibiting bullish characteristics. Friday's close in **ABT** puts the stock back above its 50-day simple moving average as well as back at its cup with a handle base breakout level at $115.

Eli Lilly (**LLY**) pulled back 1% last week despite news that their weight loss drug Zepbound has seen US prescriptions surpass rival drug Wegovy for the first time. Instead, investors may be focused on news from the prior week where FDA approval of the company's Alzheimer's drug was postponed.

LLY can be held however, a move back above its 10-day simple moving average at $765 would put the stock into a buy zone with a bullish MACD crossover* providing even more conviction. (* black line up through the red)

As noted in our Wednesday report, Boston Scientific (**BSX**) has been able to hold in well despite its exposure to China where the economy is weakening. This may well be because the company's products are needed despite any slowdown in the economy.

BSX has pulled back 2% and is now trading below its 21-day simple moving average with its RSI on the cusp of turning negative. We would not be a buyer on this pullback but instead, would wait for a close back above its 10-day simple moving average at $67.

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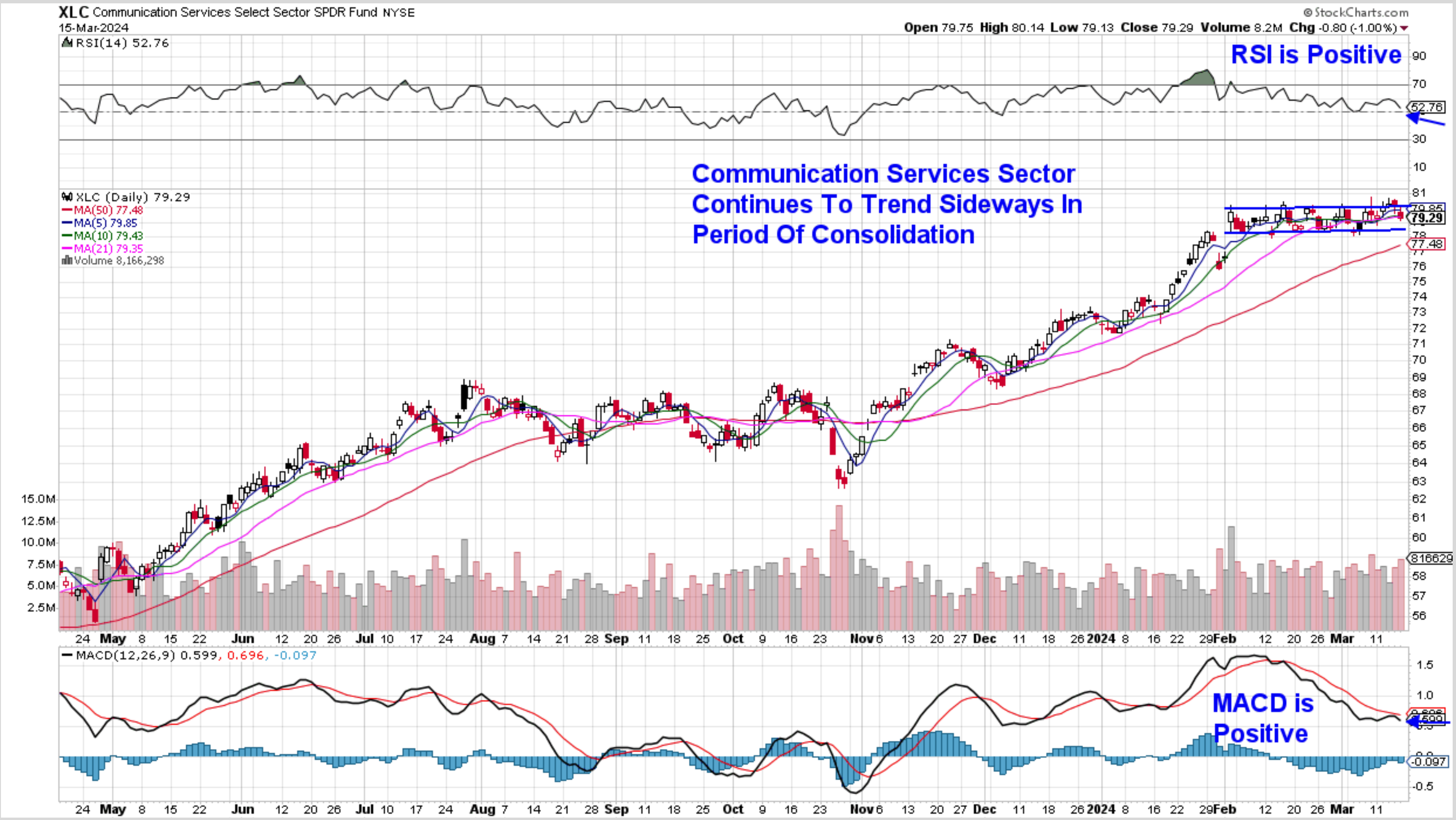
Daily Chart of the Communication Services Sector (XLC)



[Communication Services Sector Remains In Flat Trading Range]

The Communication Services sector ended the week down 0.4% as a 4.3% gain in Alphabet (**GOOGL**) was offset by a 4.3% loss in Meta Platforms (**META**). Both stocks combined account for 40% of this sector.

Meta platforms is back at its early February base breakout level of $485 after last week's 4% pullback. The stock surged 20% in early February, on a bullish quarterly earnings report.

All of **META's** decline last week occurred on Monday, after the Wall Street Journal reported that users of Facebook's Marketplace are encountering numerous issues such as counterfeit listings and fraudulent payments which is expected to have users seek other platforms to sell their goods. Another negative catalyst on Monday were comments from former US president Trump who called Facebook an enemy of the public.

Quite simply, it may just be profit-taking among investors who have grown weary of the go-nowhere trading action of the stock over the past 6 weeks.

At this time, **META** closed the week back above its 21-day simple moving average with its RSI and MACD both in positive territory. A move back above its 10-day moving average at $496 would put **META** back into a buy zone.

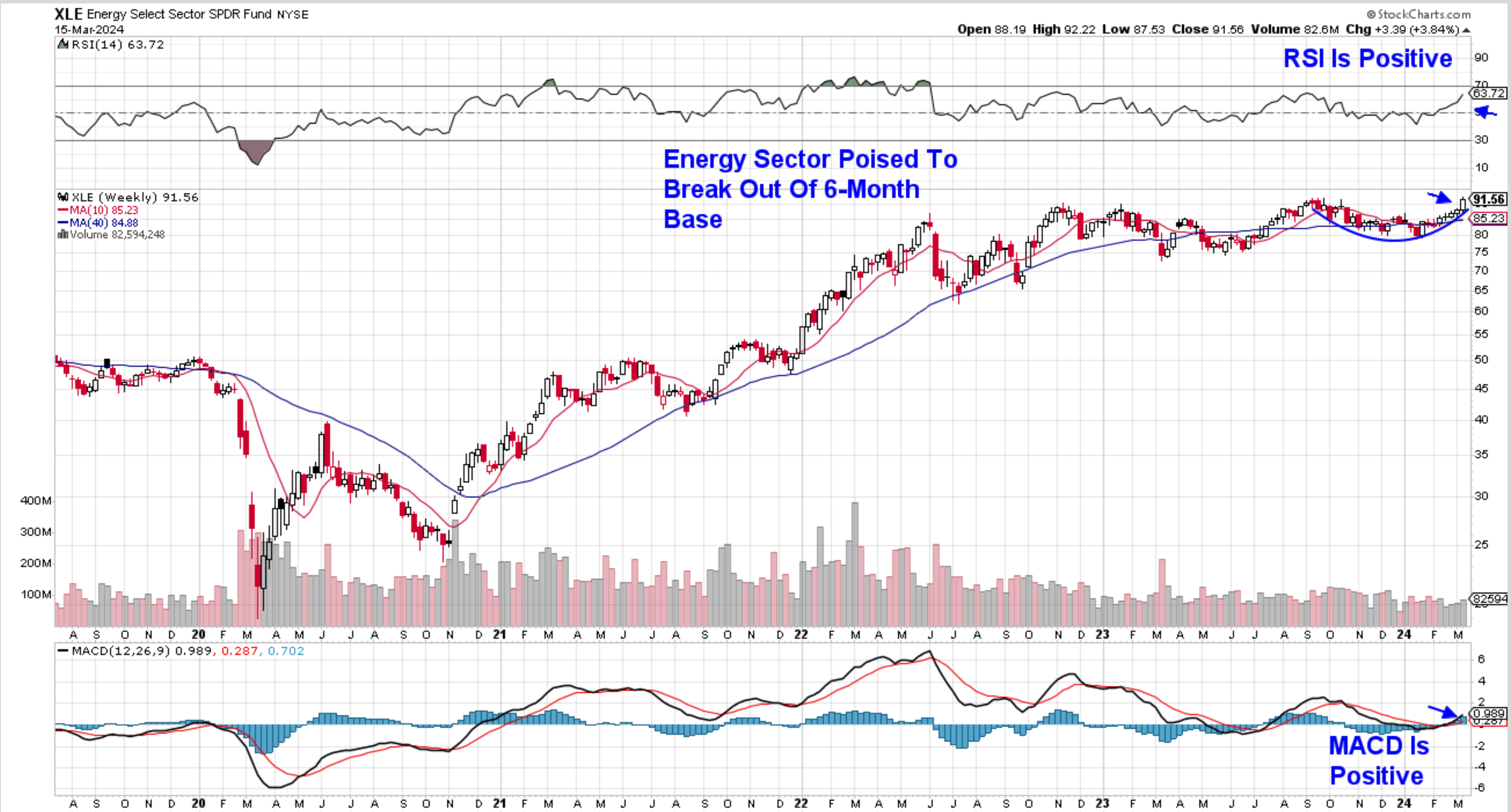
On the weekly chart however, **META** remains very overbought and we may see further sideways price action or more of a pullback, which over the long-term would be constructive as it would help set the stock up for another leg up.

Netflix (**NFLX**) is also overbought on its weekly chart with last week's sideways price action taking place amid the lack of any significant news. The stock appears poised for further sideways price action and can be held.

For the Communication Services sector, Internet-related stocks such as **META** and **NFLX** make up the largest component of this group, and their growth is derived from either subscribership growth or advertising sales. Both stocks are making great strides in these areas.

A close above $80.5 for this sector coupled with a bullish MACD crossover, would put it back into an uptrend. (using ETF XLC).

Daily Chart of the Energy Sector (XLE)



[Energy Sector Is Top Performing]

Energy stocks gained 3.8% last week due to an increase in the price of oil. Oil has been on the rise following news from OPEC that supply inventories have decreased. In addition, Ukraine's bombing of oil refineries in Russia last week also pushed the per-barrel price of oil up.

This sector has been in an uptrend due to better-than-expected earnings as well, as many of these stocks are emerging from lengthy pullbacks.

This week, we're adding Haliburton (**HAL**) to our Suggested Holdings List. The company's advanced technological offerings and emphasis on digital transformation distinguishes the company within its industry as it helps improve efficiency and production levels for its clients.

Last week, **HAL** pulled back from a 7-week base breakout which took place on above-average volume. In addition, the stock reversed its downtrend with a close back above its 200-day simple moving average. we would begin any new positions lightly to ensure that the new uptrend is firmly in place and the stock can be bought In the $37 range at its 5-day simple moving average.

In addition, we're on the lookout for the MACD to turn bullish on the weekly chart which would improve the longer-term outlook for Halliburton.

Summary

Last week's CPI and PPI reports both showed that the recent slowdown in inflation has halted and in turn, interest rates moved higher. This news has put even more of a focus on Fed Chair Powell's press conference which will take place on Wednesday after the FOMC's meeting.

Below are the bullet points from the September 17th 2023 MEM Edge Report, and the similarities to this week are very striking. Of note is that the markets pulled back from September into the beginning of November as interest rates continued to tick higher.

There are differences at this time however that could temper any similar reaction should the → Federal Reserve hint that rate hikes will be pushed out further than anticipated. For one, the economy is in a stronger position now as GDP last September was recorded at 2.1%, while the most recent fourth-quarter report was at 3.4%.

In addition, we're closer to the possibility of a rate cut with much of the uncertainty that was among investors in September, being greatly reduced.

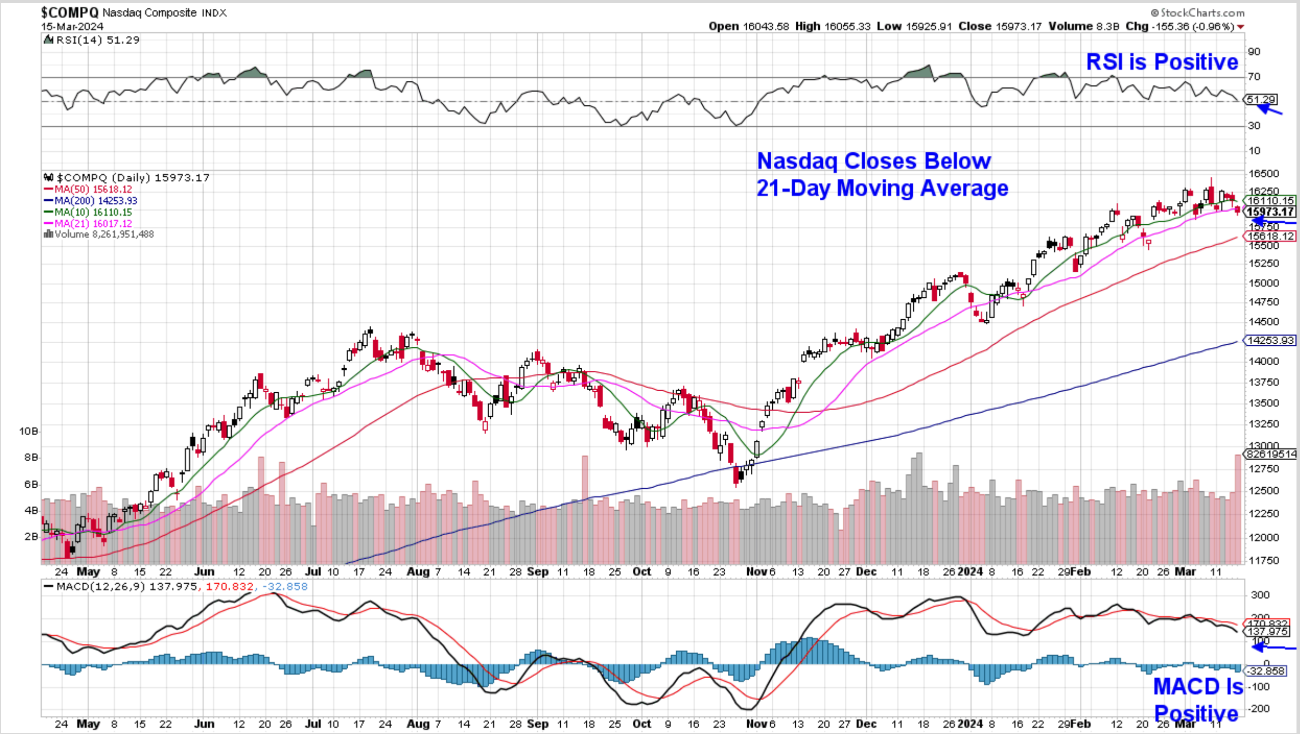
At this time, we have a cautious stance for Growth stocks and advise keeping new positions light until confidence is restored among investors. This confidence will be highlighted by a move back into leadership areas such as Technology. We will advise you of any shift in sentiment.

This Week's Highlights
(FROM SEPTEMBER 17TH REPORT)

- Core Consumer Price Index (CPI) Shows a Rise In Inflation
- Core Producer Prices (PPI) Edge Higher In August
- Retail Sales Numbers Climb Amid Higher Gas Prices
- United Auto Workers Launch Strike at Ford and GM
- Semiconductor Stocks Fall Sharply After TSM Delays Chip Deliveries
- Federal Reserve Interest Rate Decision Wednesday, And Housing Data Due Next
- Software Stocks Join Semiconductors In Near Term Downtrend

Charts We are Watching:

Daily Chart of Nasdaq Composite ($COMPQ)



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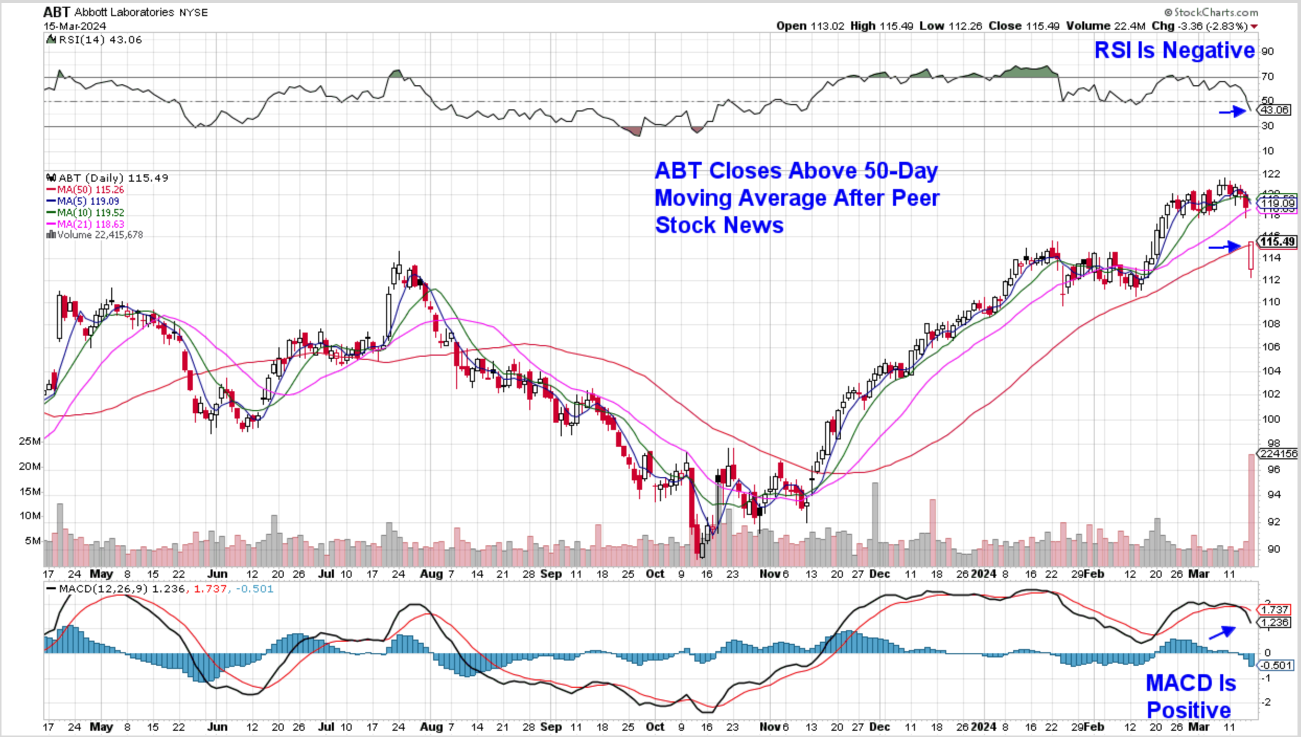
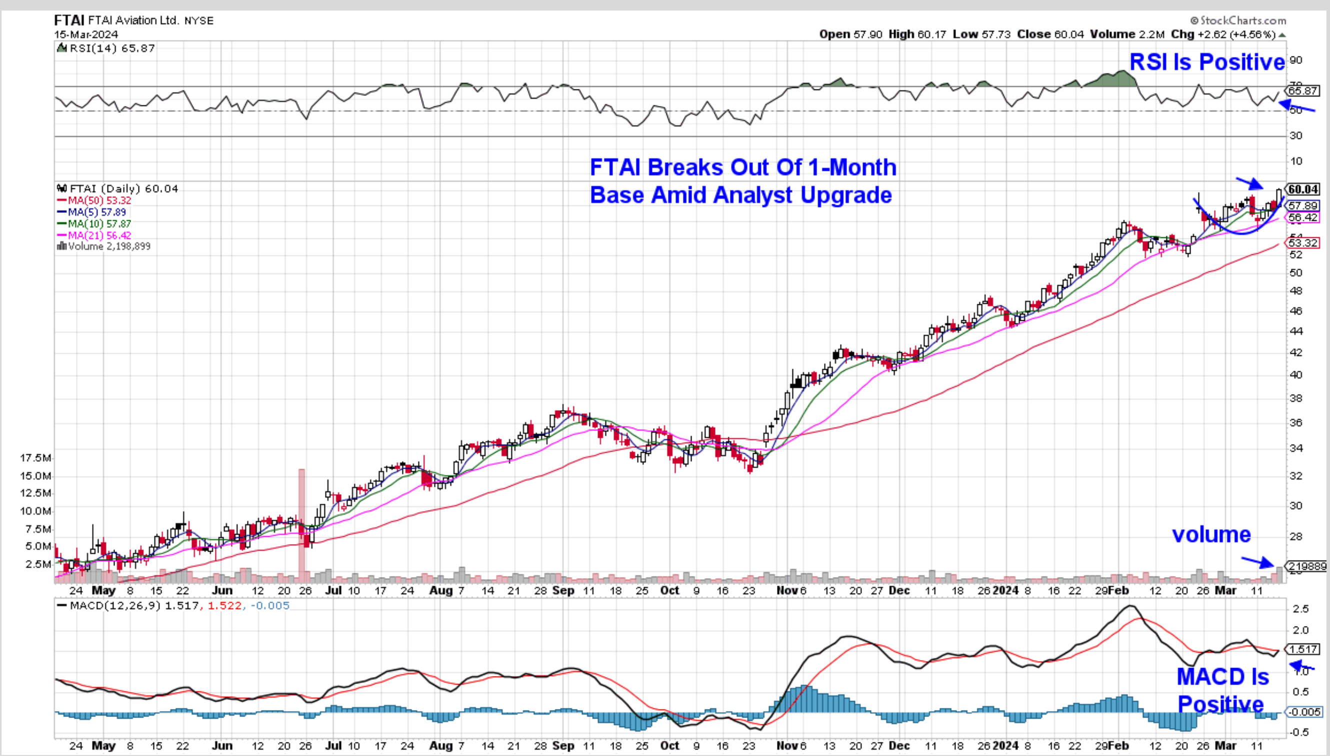
New Idea Charts:

Daily Chart Abbott Laboratories (ABT)



Daily Chart of FTAI Aviation Ltd. (FTAI)



MEM Edge Report Suggested Holdings

Stocks With Emerging Leadership Characteristics

$ = Earnings Due	Buy Zone	Strong Buy	Buy on Pullback	Removed From List

SYMB	COMPANY	PRICE	DATE ADDED	PERFORMANCE	INDUSTRY GROUP
CONSUMER DISCRETIONARY					
AMZN	Amazon	$138.60	11/5/2023	27.0%	Retail - Internet
CROX	Crocs, Inc	$124.80	3/3/2024	2.5%	
DECK	Deckers	$695.91	1/10/2024	28.0%	Retail Apparel Shoe
TOL	Toll Brothers	$111.30	2/25/2024	8.0%	
SHAK	Shake Shack	$73.70	1/28/2024	38.50%	Retail - Restaurant
TGT	Target Corp	$167.00	3/10/2024	-2.00%	
XRT	S&P Retail ETF	$72.70	2/11/2024	4.00%	
INDUSTRIAL					
ETN	Eaton Corp	$260.00	2/4/2024	10.5%	Diversified Operations
FTAI	FTAI Aviation	$58.00	3/17/2024		
TREX	Trex Co.	$86.70	2/4/2024	9.5%	Building/Construction
HEALTHCARE					
ABT	Abott Labs	$115.50	3/17/2024		
BSX	Boston Scientific	$57.60	1/3/2024	14.0%	
IBB	iShares Biotech ETF	$138.20	2/25/2024	0.0%	
LLY	Eli Lilly	$618.50	1/3/2024	23.0%	
TECHNOLOGY					
AMD	Advanced Micro Devices	$118.50	11/12/2023	67.0%	Semiconductor
AVGO	Broadcom	$944.30	12/10/2023	34.5%	Semiconductor
CRM	Salesforce	$260.00	12/3/2023	15.0%	Software
CRWD	Crowdstrike	$176.70	10/8/2023	63.5%	Software
CVLT	CommVault	$97.60	3/3/2024	0.0%	
LRCX	Lam Research	$865.00	2/11/2024	0.0%	Semiconductor
MSFT	Microsoft	$327.30	10/8/2023	26.5%	Software
NVDA	Nvidia	$450.00	11/5/2023	76.5%	Semiconductor
SNPS	Synopsis	$552.00	2/4/2024	0.0%	Software
COMMUNICATION SERVICES					
META	Meta Platforms	$315.40	10/8/2023	54.0%	Internet-Content
NFLX	Netflix	$432.30	11/5/2023	42.0%	Internet-Content
ENERGY					
HAL	Halliburton Co.	$37.00	3/17/2024		

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.