

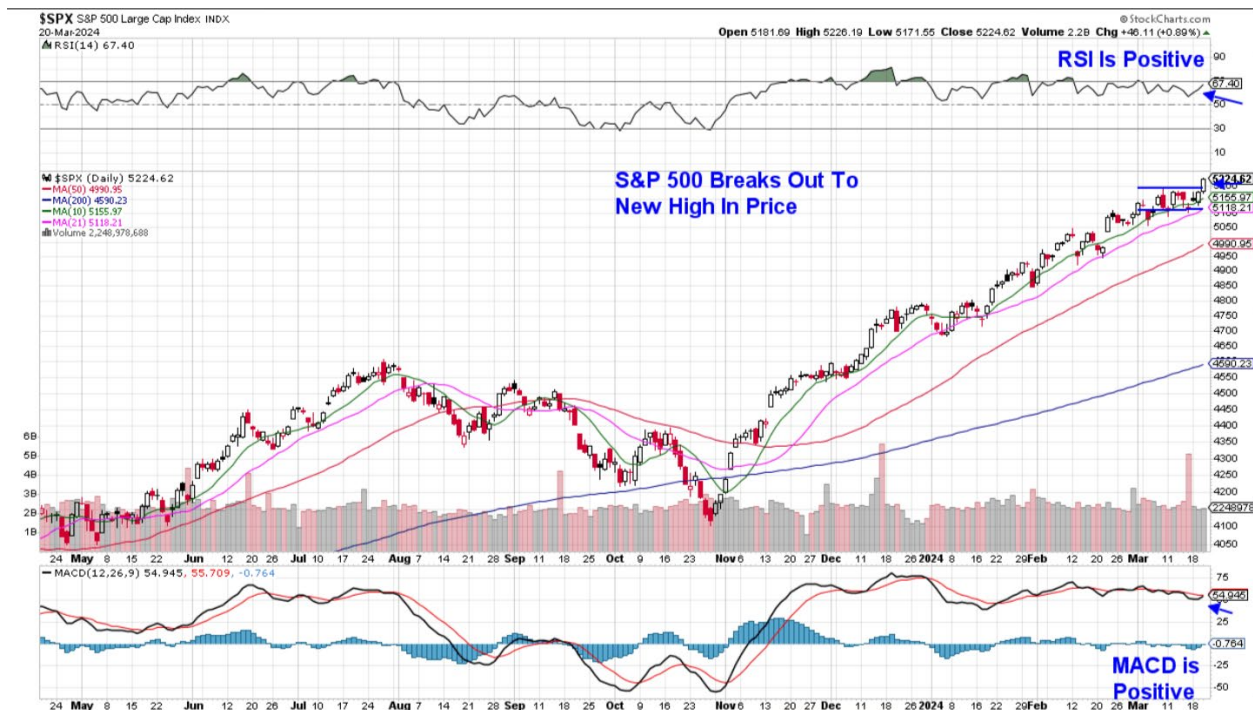


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Midweek Report

Wednesday, March 20, 2024

- Homebuilder Confidence Reaches Highest Level Since July
- Housing Starts Rebound By Largest Number In 9 Months
- Federal Reserve Due To Cut Rates By June
- Jobless Claims, Leading Economic Indicators and Home Sales Data Tomorrow
- Abbott Labs Being Removed from Suggested Holdings List



The S&P 500 has gained 2.1% so far this week in a move that has this Index breaking out to a new high in price. with the RSI and MACD in positive territory, the near-term uptrend remains in place.



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The NASDAQ gained even more, with a 2.5% rally that was fueled by outperformance in each of the Magnificent Seven names. Software stocks also posted gains above the markets in a move that has this group regaining its uptrend.

The Consumer Discretionary sector regained its uptrend this week with a 2.9% rally that was led by Home Builders and select retailers.

Crocs (CROX) from our list was an outperformer within 9.2% gain that was boosted by a major Wall Street upgrade today. The gain has put the stock within 8 points of an 11-month-base breakout. As you may know, the longer the base from which a stock breaks out, the longer the potential upside out of that breakout. Crocs can be bought on a pullback in the \$132 range at its 5-day simple moving average.

Shake Shack (SHAK) broke out of a 2 week base today with a 5.3% gain that took place on above average volume. The stock can be bought at the \$106 range near its 5 days simple moving average.

Target (TGT) is in a strong buy zone after this week's 3.8% gain has put the stock back above it's upward trending 10-day simple moving average.

Home builders were on the move higher after both Home Builders Confidence and Housing Starts data came in above estimates. Toll Brothers (TOL) is in a strong buy zone after this week's 2.8% gain pushed this stock back above it's shorter term moving averages with both the RSI and macd in positive territory.



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Heavyweight retailer Amazon (AMZN) remains in a tight trading range and is in a buy zone as it stays above its short-term moving averages. A bullish MACD crossover* on the daily chart would put the stock into a strong buy zone. (*black line up through the red)

Today's rally in Retail stocks put the S&P 500 Retail ETF (XRT) into a strong uptrend as it broke out of a 3-week base on heavy volume.

The Technology sector regained its uptrend with a 2% rally. Within this sector, Semiconductor stocks remain mixed, with most of these names trading below their key 50-day simple moving average.

Lam Research (LRCX) from our list is an exception however, with a 4% rally that pushed this stock into a strong buy zone as it's now back above its 10 days simple moving average. The company makes critical equipment that enables chip foundries to make the advanced chips that are needed for AI processing.

Broadcom (AVGO) is close to regaining its uptrend after recovering from yesterday's move below its 50 days simple moving average. A close back above its 21-day simple moving average would put the stock into a strong buy zone. In the meantime, the stock can be nibbled on.

Nvidia (NVDA) remains in a confirmed uptrend above its 10-day simple moving average after this week's 2.9% gain. The stock is in a buy zone. NVDA reversed from a slight pullback on Tuesday amid comments from their CEO regarding the prospects for their new Blackwell GPUs.



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Nvidia's announcement of their Blackwell architecture hurt Advanced Micro (AMD) which was already pulling back. AMD is a rival AI chip manufacturer and the news puts them even further behind Nvidia. AMD is down 6% for the week.

Advanced Micro was able to recover from a move below its 50-day simple moving average however its RSI is now in negative territory on the daily chart similar to late October. Shorter term investors may want to lighten up on their position however on the weekly chart, AMD remains in an uptrend.

Software stocks outperformed this week led by AI related stocks such as Salesforce (CRM) and CrowdStrike (CRWD) which has gained an average of 3.8% this week. Both stocks are in an uptrend and can be bought however a bullish MACD crossover on the daily chart would put them in a strong buy zone.

Healthcare stocks are underperforming this week as they are flat amid underperformance in both Biotechs and Pharmaceuticals. Abbott Labs (ABT) which we put on our list on Sunday is being removed as in the anticipated buyers did not come in on the stock after last week's sharp drop.

Eli Lilly (LLY) has regained its uptrend with the stock above its 10-day simple moving average which puts the stock into a buy zone where it joins Boston Scientific (BSX) which also regained its near term uptrend.

Industrial stocks remain in a confirmed uptrend with both Eaton Corp (ETN) and FTAI Aviation (FTAI) outperforming for the week.



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ETN's gain occurred amid increased interest in AI related stocks as the company provides much needed electrical infrastructure to help process immense amount of data. ETN broke out of a two-week base and can be bought in the \$303 range at its 5 day simple moving average.

FTAI gapped up to a new high today after a Wall Street price target upgrade to \$108. The stock is in a strong buy zone.

The Communication Services sector is the top performer so far this week amid gains in heavyweight names such as Meta Platforms (META) and Netflix (NFLX) from our list.

Both stocks are in a strong buy one with Netflix (NFLX) finding support above its 5-day simple moving average while META regained its uptrend with the close above its shorter term moving averages.

While energy stocks are underperforming this week Halliburton (HAL) remains in a confirmed uptrend and is in a buy zone.

This week's rally has been punctuated by comments from Fed Chair Powell today following the Fed's FOMC meeting. Within that, it was indicated that the FED is still planning on three interest rate Cuts between now and the end of 2024.

The news brought buyers into the market with advancers outpacing decliners by a three to one margin. Breadth within the markets also improved with sectors such as Technology and Consumer Discretionary regaining their uptrends.



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With a dearth of economic data due out for the remainder of this week, we expect this uptrend to continue over the near term.

Warmly,
Mary Ellen McGonagle
Editor, MEM Edge Report