



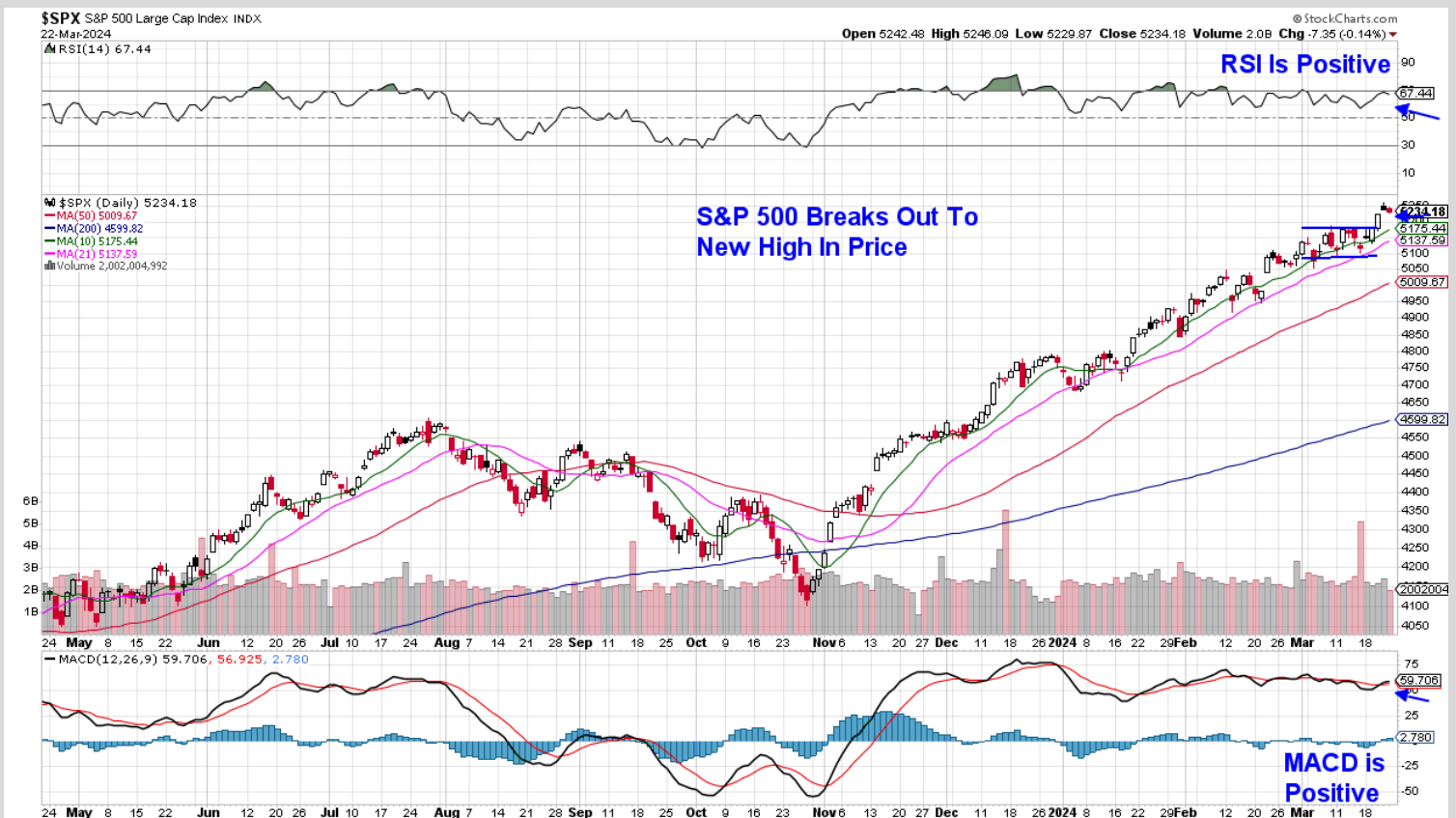
# THE MEM EDGE

March 24, 2024 | Weekly Report

## This Week's Highlights

- Homebuilder Confidence Reaches Highest Level Since July
- Housing Starts Rebound By Largest Number In 9 Months
- Federal Reserve Due To Cut Rates By June - FOMC Notes
- Leading Economic Indicators Posts 1st Increase In 2 Years and Existing Home Sales Jump
- Core PCE Data Next Week /Fed Chair Powell Speaks With Consumer Confidence And Consumer Sentiment

### Daily Chart of S&P 500



The S&P 500 gained 2.3% last week in a move that puts this Index close to a new high and above each of its shorter-term moving averages. With its RSI and MACD in positive territory, this Index remains in a confirmed uptrend.

Last week's advance pushed the S&P 500 Index out of a 2-week base on volume that was above average. This price action where the index is emerging from a period of consolidation is quite constructive, as it

allows for another leg up for the markets amid a new uptrend.

On the longer-term weekly chart, the RSI closed the week at 78.5. As noted in prior reports, an RSI above 80 can be concerning, particularly if coupled with a negative MACD crossover which would be the black line moving down through the red. At this time we are not in a position for this to occur.

The NASDAQ fared even better last week, with a 2.9% rally that was fueled by renewed interest in select Software and Semiconductor stocks. Even more impactful was that each of the Magnificent Seven stocks outperformed the broader markets, with the exception of Apple, which is continuing to struggle.

The rally has the NASDAQ regaining its uptrend while also closing the week at a new high in price. With the RSI and MACD both in positive territory, the near-term uptrend remains for this index.

Most impactful last week was news on Wednesday that the Federal Reserve remains confident they will execute three rate hikes this year. This was a welcome relief for investors, as recently reported inflation data showed that prices are rising. In turn, interest rates declined last week with the yield on the 10-year Treasury now at 4.2%.

Growth areas such as Technology and Consumer Discretionary saw the biggest boost from Powell's comments as both sectors regained their uptrends amid a late-week rally.

Industrial stocks were among the top three performing sectors last week as anticipation that we are closer to a possible lower interest rate

environment helped push this already strong area higher.

Historically, cyclical companies such as Industrials, Financials, and Discretionary stocks fare well in a declining rate environment that's coupled with a growing economy.

At this time, Banks are not exhibiting upside momentum however, we have been adding Discretionary and Industrial stocks to our Suggested Holdings list of late and will continue to expand the number of names from these areas.

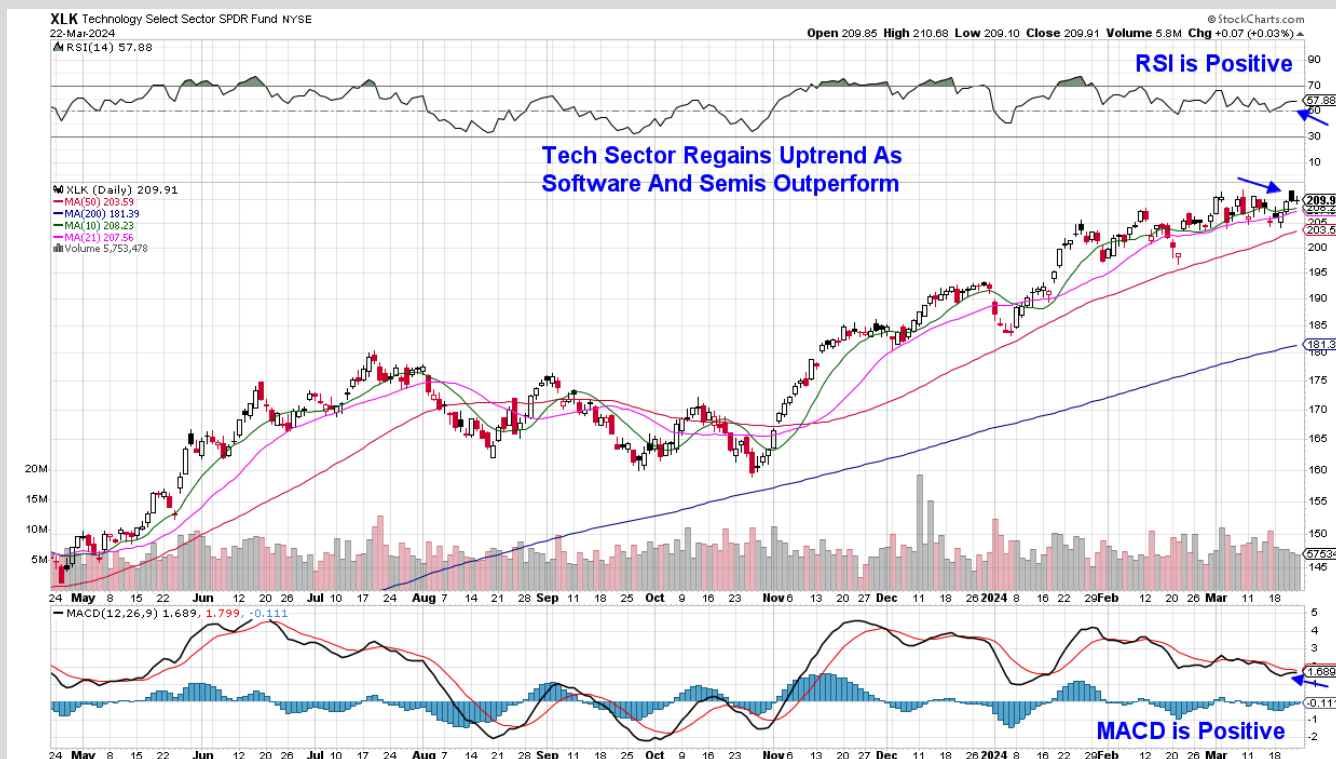
Investors will be closely watching next Friday's Personal Consumption Expenditures Price Index data, as that will offer the latest update on inflation. In fact, the PCE report is the Federal Reserve's preferred measure of inflation.

Friday is a holiday however, so we may see volatility going into the long weekend as investors hedge against the possibility of a strong PCE report which may in turn, shift rate cut sentiment.

Next week will also mark the end of the 1st quarter which could also prompt volatility as fund managers adjust their portfolios in what is called window dressing as they sell losers and add winning stocks.

At this time, the broader markets remain in a confirmed uptrend while closing at new highs. While this is bullish for investors, many stocks are stretched and in overbought positions at this time. Given this backdrop, we would add to new positions lightly with an eye toward a possible pullback ahead of the release of second-quarter earnings which will begin late next month.

## Daily Chart of the Technology Sector (XLK)



### Technology Sector Regains Uptrend

Technology stocks were provided a boost from several areas such as a continued decline in interest rates after the Federal Reserve's announcement on Wednesday, as well as strong earnings reports from select stocks and news from Nvidia's GTC conference last week.

Semiconductor stocks posted the most dramatic turnaround, with a 3.1% rally for the week that put this group back into an uptrend. It was a stark contrast from the prior week's decline that took place amid reports of higher-than-expected inflation data, as well as, a weak earnings report from Broadcom (**AVGO**).

This past week, Broadcom (**AVGO**) was among the top performing Semiconductor stocks with a 9.5% rally that took place after it was reported that their custom AI chips have cost and power advantages

over competitors such as Advanced Micro (**AMD**) and Nvidia (**NVDA**).

Broadcom also announced a major new client on Thursday which had Wall Street analysts speculating that it might be TikTok, Apple or Amazon. **AVGO** is in a buy zone as it is above each of its shorter-term moving averages with a positive RSI and MACD. A positive MACD crossover (black line up through the red), would put the stock in a strong buy zone.

Also pushing Semiconductor stocks higher was news that memory chip manufacturer Micron (**MU**) posted revenues above estimates while also guiding estimates higher going forward. The strong results were due to robust corporate spending on data infrastructure for AI. The news had Wall Street analysts citing the need for memory as being the strongest secular driver the Semiconductor industry has ever seen.

This was very good news for semiconductor equipment manufacturers which popped on Thursday. Lam Research (**LRCX**) from our List was the top large-cap performer in this group with a 7.5% rally that solidified its new uptrend that was formed on Wednesday.

**LRCX** is in a buy zone and a positive MACD crossover would put the stock into a strong buy zone.

Semiconductor leader Nvidia (**NVDA**) closed the week 7.5% higher for an unbroken 11-week period of gains since it broke out in early January.

The company hosted their annual GTC developer conference last week where they discussed their new Blackwell chip which is designed to accelerate computing. News of the chip which will be available later this year, had analyst revising their earnings estimates higher for both this year and next.

**NVDA** is a bit extended after Friday's 3% rally and the stock can be bought on any pullback to the \$910 range.

Nvidia's announcement of their Blackwell chip had a negative impact on Advanced Micro (**AMD**) whose AI chip manufacturing program was already behind Nvidia. **AMD** - which lost 6% for the week - managed to close above its key 50-day simple moving average. The stock would need to close above its 10-day simple moving average which is currently at \$188 while also posting a positive RSI before regaining its uptrend.

While the Semiconductor group is back in a near-term uptrend, (using ETF SOXX) weakness within the group remains with many stocks well off

their near-term highs. We will continue to monitor price action and will add new names from this group as they become technically positive.

Software stocks gained 3% last week with heavyweight name Microsoft (**MSFT**) trading in line with the group. The company continues to announce AI-related partnerships and acquisitions as it expands its investments in an effort to increase its AI capabilities.

**MSFT** closed the week at a new high with a 6-week base breakout that puts the stock into a buy zone.

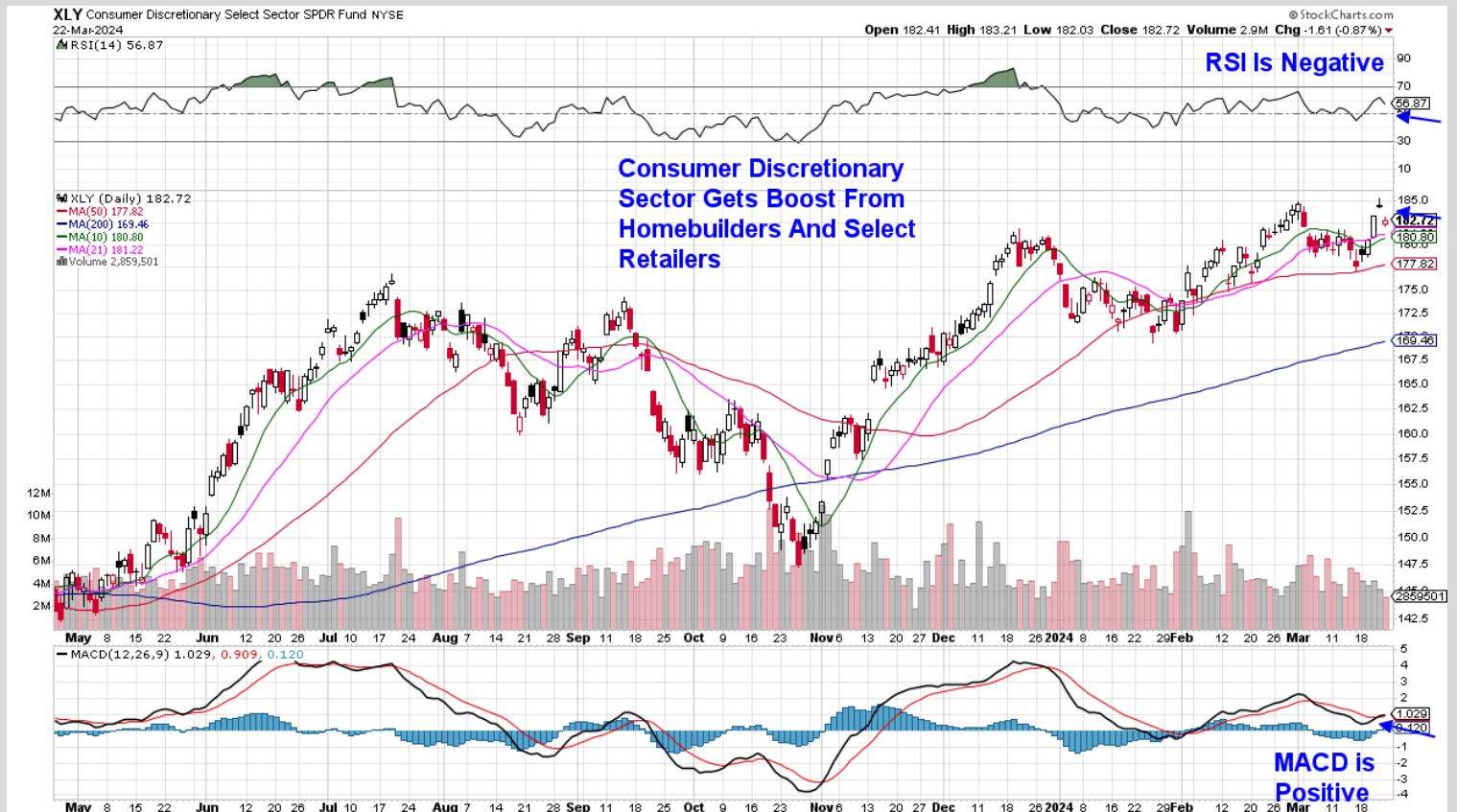
Elsewhere in the group, other AI-related stocks outperformed such as Salesforce (**CRM**) and CrowdStrike (**CRWD**) which gained 4.6% and 3.8% respectively this week. Both stocks are in an uptrend and can be bought, however a bullish MACD crossover on the daily chart would put them in a strong buy zone.

CommVault Systems (**CVLT**) posted a reversal day on Tuesday after recovering from a move below its 21-day simple moving average. The stock rallied every day since then, with a two-week base breakout which took place on Thursday at \$100. **CVLT** is in a buy zone.

This week, we're adding Arista Networks (**ANET**) to our Suggested Holdings List. The company makes servers, routers, and network operating software that are used in AI data storage centers.

**ANET's** partnerships with AI leaders such as Alphabet (**GOOGL**) and Microsoft (**MSFT**) has analysts raising earnings estimates for both this year and next. Last week, the stock broke out of a 6-week base at \$293 which puts the stock into a buy zone.

## Daily Chart of the Consumer Discretionary Sector (XLY)



### Consumer Discretionary Sector Among Top Performing

The Consumer Discretionary sector was the second-best performer led higher by Home Building stocks which outperformed. The gains took place following news that home builder confidence reached its highest level since July.

Housing starts also came in strong with the largest number in 9 months. The group also received a boost from news that the Federal Reserve anticipates cutting interest rates three times this year which in turn, will lower mortgage rates.

Toll Brothers (**TOL**) from our list gapped up to a new high in price which has the stock a bit extended near

term. **TOL** can be bought on a pullback to the \$124 range at its 5-day simple moving average.

Not all stocks in this group are exhibiting positive growth outlooks and/or positive charts however, so selectivity is needed. Today, we are adding Century Communities (**CCS**) to our Suggested Holdings List. This smaller home construction company offers single-family homes in Colorado, Texas, and Nevada And the company has seen its earnings estimates revised higher amid the openings of new communities.

**CCS** is in a buy zone as the stock is poised for a 7-week base breakout at the \$95 level with the MACD just entering positive territory on the daily chart.

The S&P retail ETF underperformed last week amid weaker-than-expected earnings from heavyweight names Nike (**NKE**) and Lululemon (**LULU**).

Other retailers were able to far outpace the markets amid Wall Street upgrades. Crocs (**CROX**) from our List is a prime example as the stock gained 10.5% for the week after two major Wall Street firms raised their price target for the stock.

While the gain has put the stock close to an 11-month base breakout at \$148, it has pushed the RSI into an overbought position. Crocs can be bought on a pullback to the \$137 range at its 5-day simple moving average.

Shake Shack (**SHAK**) broke out of a 2-week base last week after a 5.5% gain that took place on above-average volume. The stock can be bought at the \$107 range near its 5-day simple moving average. A bullish MACD crossover would put the stock into a strong buy zone.

Big Box store Target (**TGT**) was moving toward a \$175 base breakout before news on Thursday that the company will be doubling bonuses for all salaried employees gave the stock pause. **TGT** remains in a confirmed uptrend as it closed above its 10-day simple moving average. The stock is a buy zone.

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)

In addition to their large e-commerce business, Amazon's Cloud business is continuing to grow as well, after announcing an expansion of their relationship with Nvidia to enhance AI usage. One of the fastest areas of growth for Amazon however has been their advertising sales with their Prime video division.

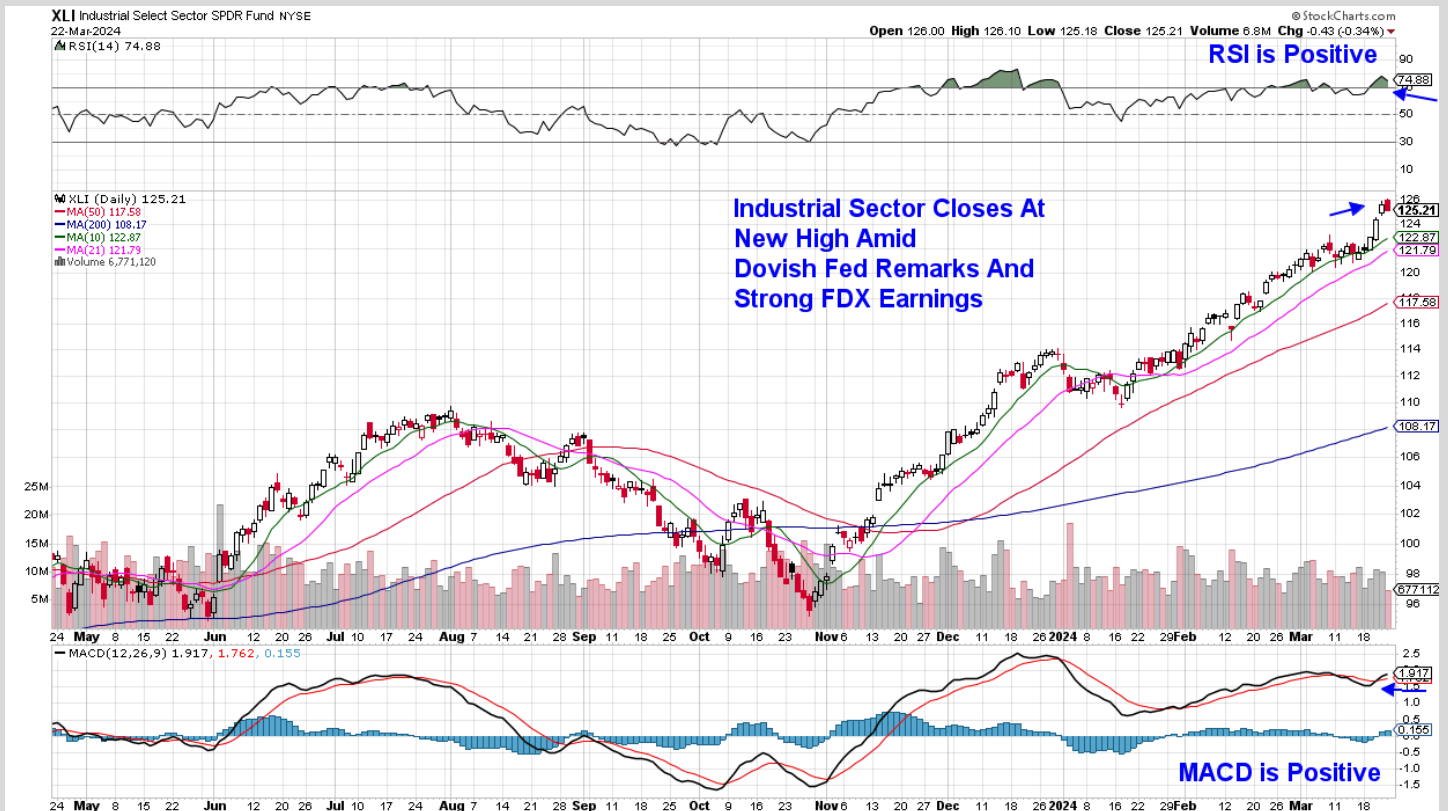
Deckers (**DECK**) - which was added to the S&P 500 Index on Monday - was on track to gain 4.5% before a pullback on Friday that was seemingly in response to Nike's weak earnings report. While Deckers has three major brands in the Footwear industry, their biggest grower has been their sneaker division Hoka.

The stock remains above its shorter-term moving averages and in an uptrend however, the downward sloping MACD on the daily chart points to further near-term consolidation. **DECK** can be held.

On Thursday the S&P Retail ETF (**XRT**) broke out of a 3-week base on volume amid a rebound in heavyweight names such as Nordstrom (**JWN**) and Abercrombie (**ANF**) which had originally pulled back sharply earlier in the month after reporting disappointing earnings. **XRT** is in a buy zone.



## Daily Chart of the Industrial Sector (XLI)



### Industrial Sector Is Top Performing

Industrial stocks were given a boost after Federal Express (**FDX**) posted positive earnings that pushed the stock up 12% for the week and helped other transportation-related stocks.

The Federal Reserve's intent to cut interest rates 3 times this year also had a positive impact on this sector. Industrials are part of cyclical stocks which fare well in an environment when the economy is growing and interest rates are trending lower such as now.

Recently added FTAI Aviation (**FTAI**) gapped up to a new high on Wednesday after a Wall Street price target upgrade to \$108 which is a 65% increase from its current price. The valuation increase is due to demand for their aircraft and leasing portfolio in the

face of manufacturing issues taking place in the aircraft industry.

**FTAI** is in a strong buy zone and can be bought on any pullback to the \$63 dollar range at its 5-day simple moving average.

Eaton Corp (**ETN**) also outperformed the sector with a gain that occurred amid increased interest in AI-related stocks. Eaton provides much-needed electrical infrastructure to help process the immense amount of data.

**ETN** broke out of a two-week base on Wednesday and its subsequent rally has put the stock in an overbought position. Eaton can be bought in the \$309 range at its 5-day simple moving average.

This week, we are adding Lincoln Electric (**LECO**) to our Suggested Holdings List. The company is a leading manufacturer of welding and brazing products for companies that are in heavy Industries such as construction and shipbuilding.

Earlier this year, **LECO** reported record earnings and sales for 2023 due to growing demand for their products globally. With management guiding growth estimates higher for this year, the stock is in a buy zone as it is a point away from a one-month base breakout.

We are also adding Sterling Infrastructure (**STRL**) to our Suggested Holdings List. The company provides turnkey solutions in the data center industry which is growing rapidly amid the adoption of AI.

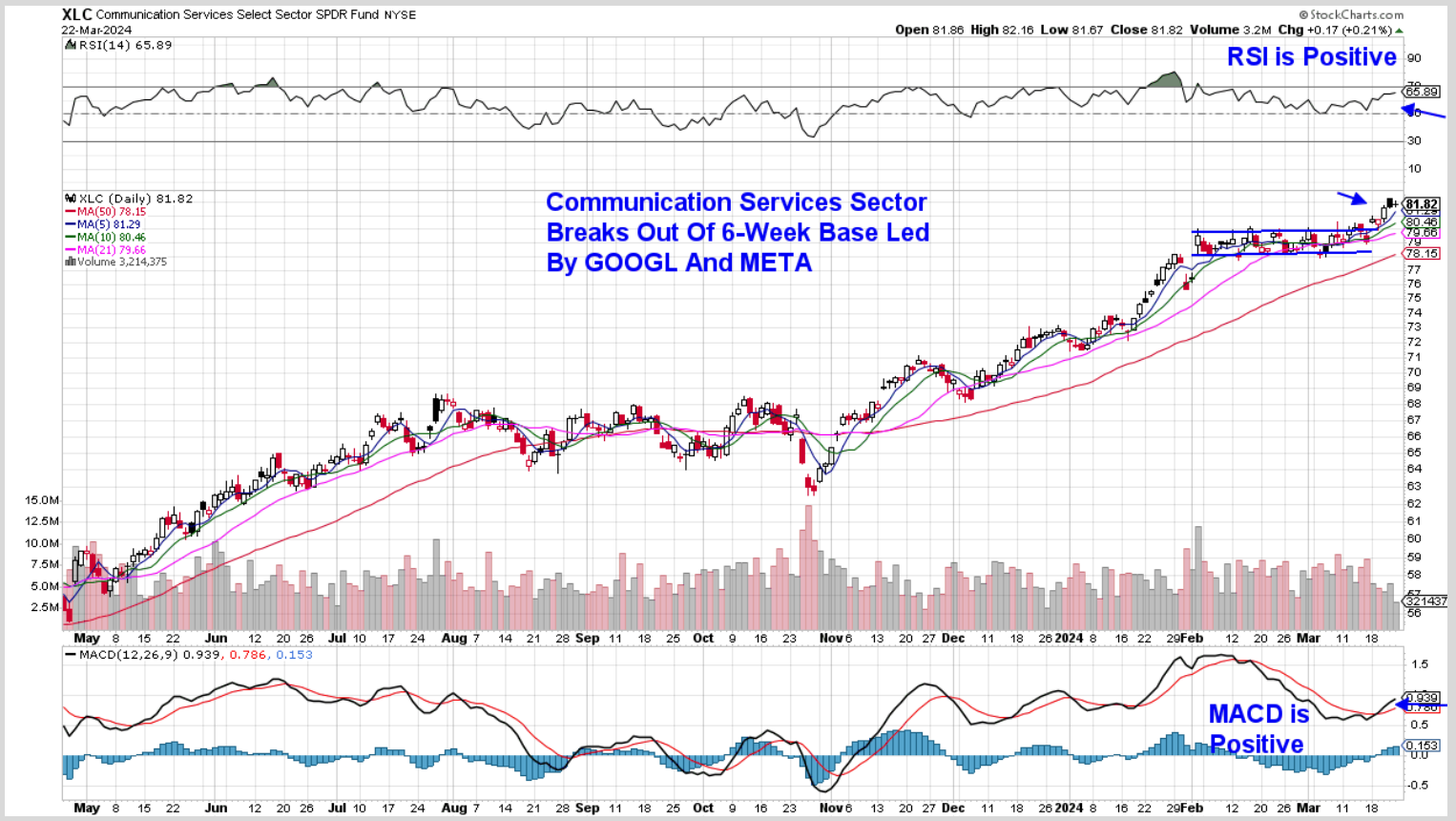
**STRL** also works with home builders as well as government-funded infrastructure projects which are also two fast-growing segments of the economy.

For the past 3 weeks, Sterling has been consolidating following a sharp advance in late February after the company reported stellar earnings and sales while raising their guidance for growth going forward. **STRL** recovered from a pullback to its 21-day simple moving average and the stock is in a strong buy zone as it moves toward a possible \$116 base breakout.





## Daily Chart of the Communication Services Sector (XLC)



### Communication Services Sector Breaks Out Of Consolidation

The Communication Services sector was the top performer last week amid gains in heavyweight names such as Meta Platforms (**META**) and Netflix (**NFLX**) from our List.

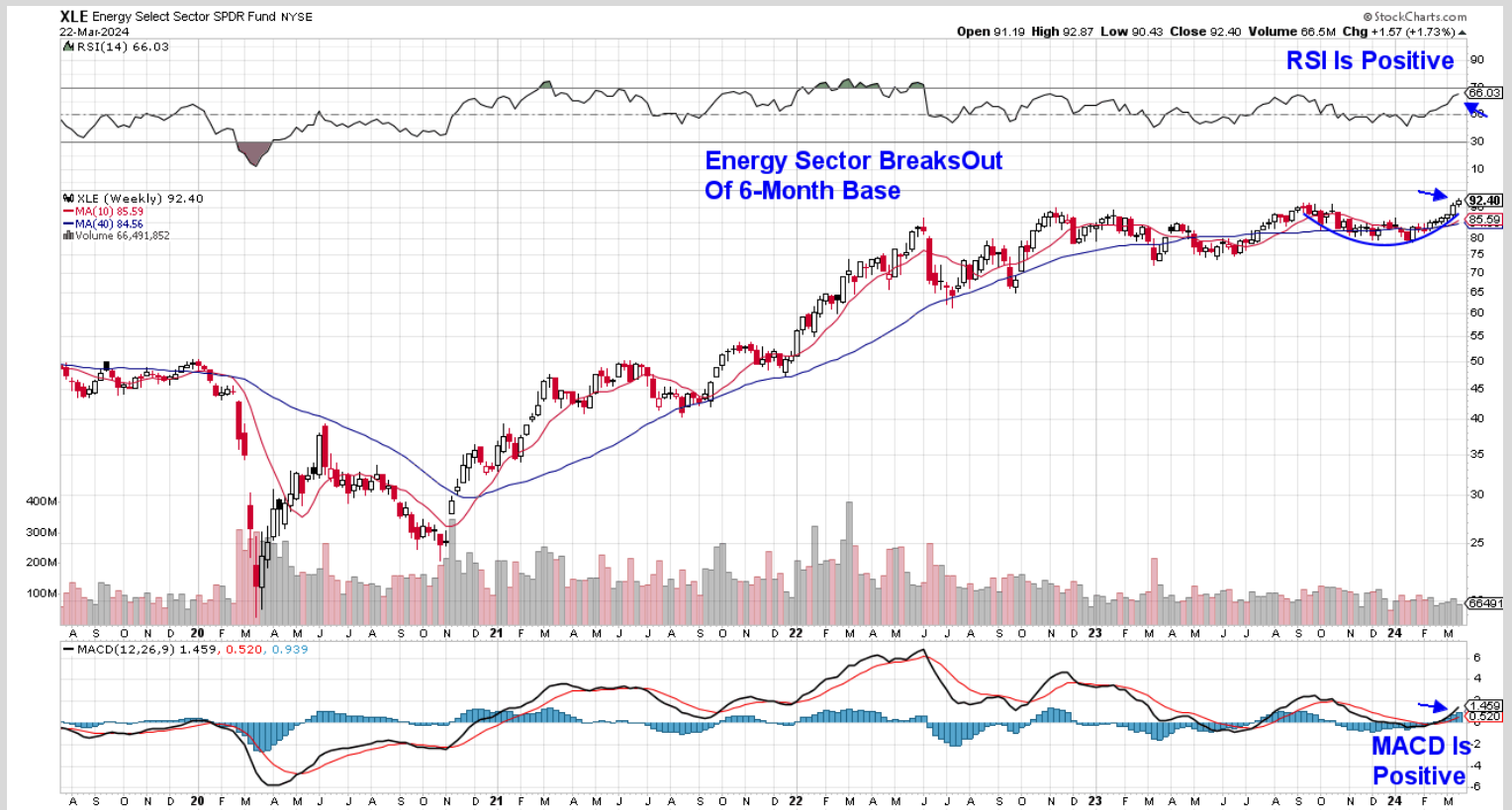
**META** regained its near-term uptrend with a rally on Wednesday that pushed the stock back above its 10-day simple moving average. With the RSI and MACD in positive territory, **META** is in a strong buy zone. A bullish MACD crossover on the daily chart would add even further conviction.

Netflix (**NFLX**) is also in a strong buy zone as the stock continues to find support above its upward-trending 5-day simple moving average.

While there is no specific news that propelled these stocks into uptrends, renewed interest in Magnificent Seven names amid a dovish Federal Reserve is certainly one reason. Another reason is the company's involvement and use of AI to improve customers' experience.

Lastly, both companies have seen increased revenue growth amid advertising sales with **NFLX** offering a lower-priced subscription that has ads while **META** Has seen growth for ads on both Instagram and Facebook.

## Daily Chart of the Energy Sector (XLE)



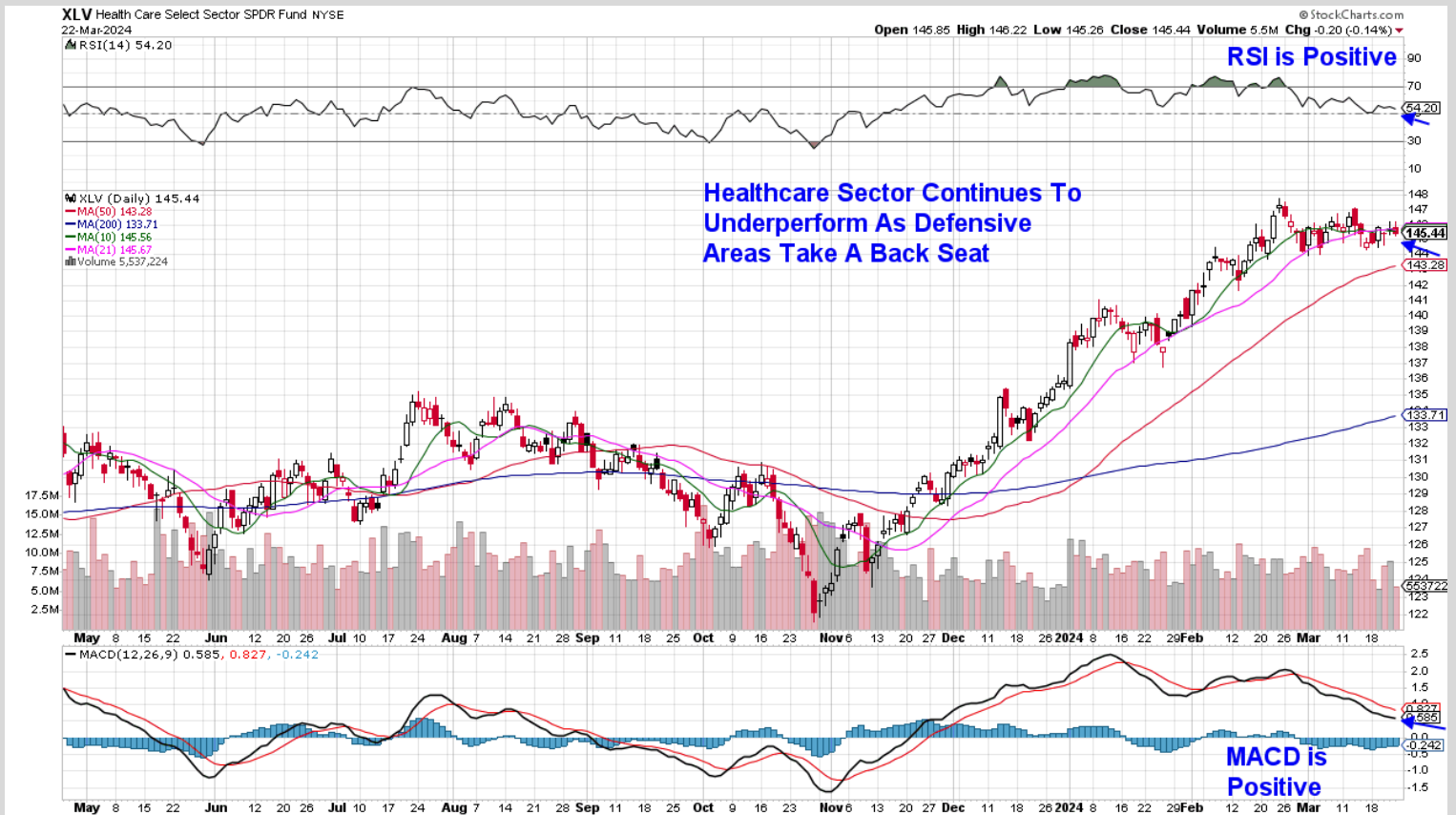
### Energy Sector Underperforms Amid Drop In Oil Prices

The Energy sector inched higher as it moved closer to a 6-month base breakout. While this is compelling for the long-term outlook for this group, Energy stocks historically fare well in a rising inflation and rising interest rate environment such as 2020 into 2021.

While the price of oil will also impact this group, recent supply data from last week point to the possibility of the price of oil falling due to new found discoveries in China, Guyana, South America, and Europe.

While Halliburton (**HAL**) from our List remains in a confirmed uptrend as it finds support above its shorter-term moving averages, we are removing the stock from our Suggested Holdings List and will instead focus on opportunities in other areas of the markets.

## Daily Chart of the Health Care Sector (XLV)



### Healthcare Sector Continues To Underperform

The Healthcare sector has traded sideways for the past 4 weeks as interest in this more defensive area of the markets has waned.

Among stocks in this sector on our list, Eli Lilly (**LLY**) and Boston Scientific (**BSX**) both outperformed for the week with 2% gains.

Eli Lilly (**LLY**) dipped later in the week despite a report that Medicare would pay for weight loss drugs such as the company's Zepbound drug. The lack of a bullish response is because Eli Lilly will need to prove positive cardiovascular outcomes in their clinical testing before the drug will be paid for by insurance.

Last week's modest gains keeps **LLY** in a confirmed uptrend as it is above its shorter-term moving averages. A bullish MACD crossover on the daily chart would put **LLY** in a strong buy zone.

Boston Scientific (**BSX**) outpaced its peers with a 2% gain for the week amid a lack of any significant news. The gain puts **BSX** into a buy zone and very close to a 2-week base breakout at \$68. A close above this level coupled with a bullish MACD crossover, would put **BSX** into a strong buy zone.

At this time, we would underweight Healthcare stocks as this sector, along with other more defensive areas such as Utilities and REITs, are in less demand.

## Summary

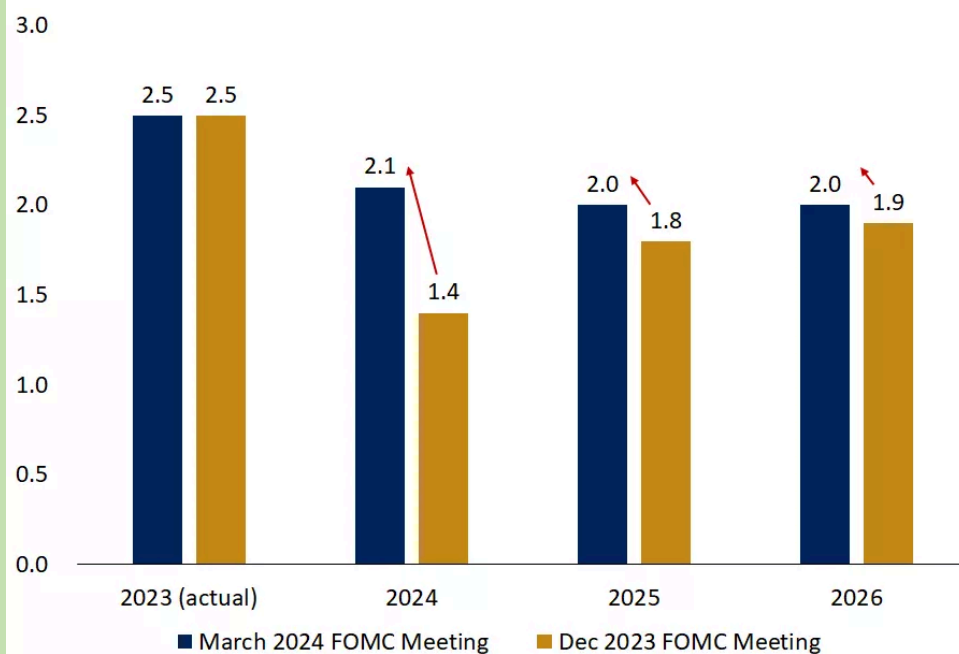
Last week, the Federal Reserve delivered comments that the markets were on the lookout for. Namely, that the Fed remains on track to post three interest rate cuts into year-end. The response was swift, with Growth sectors moving back into uptrends.

There was other news that was released last Wednesday as well, with the Fed upgrading their outlook for real US GDP growth for 2024 to 2026. (see chart below) The possibility that the US could experience economic growth despite recently elevated interest rates was another positive.

An increased outlook for GDP growth bodes well for Cyclical stocks, which perform well during economic expansionary periods. Areas such as Industrials, Financials, and Discretionary stocks would be included. Growth stocks will of course fare well in this environment as well.

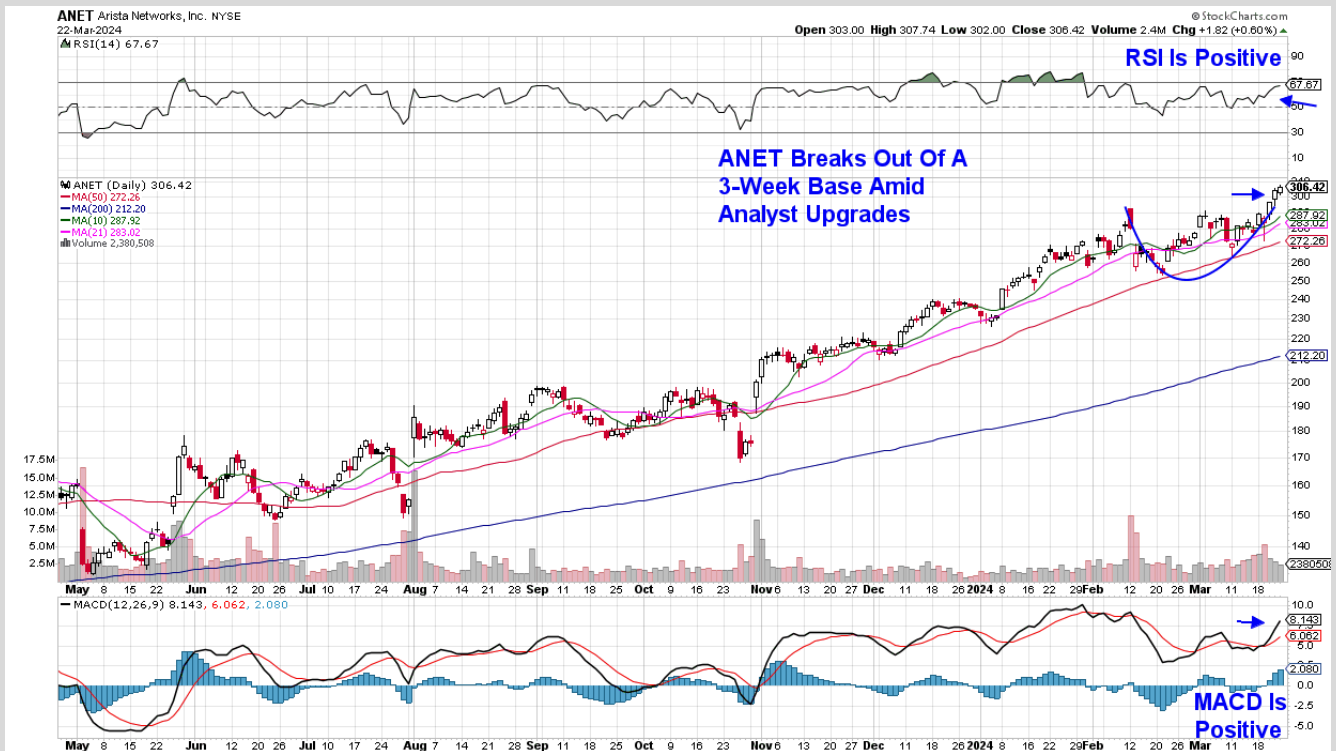
We will continue to screen Financials for stocks that are fundamentally healthy and in the beginning stages of a new uptrend.

**The Fed upgraded its outlook for real U.S. GDP growth in 2024-2026 at the March meeting (annual growth %)**



# New Idea Charts:

## Daily Chart of Arista Networks, Inc. (ANET)



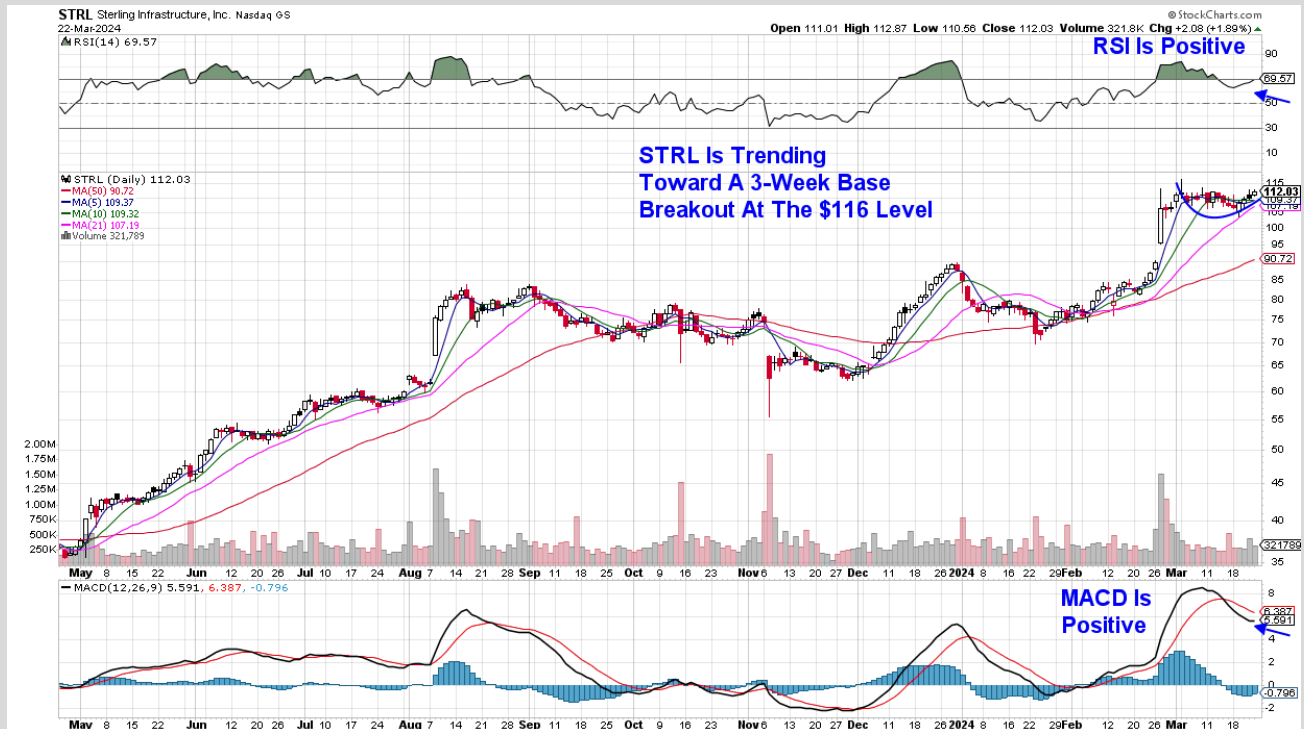
## Daily Chart of Century Communities, Inc. (CCS)



## Daily Chart of Lincoln Electric Holdings, Inc. (LECO)



## Daily Chart of Sterling Infrastructure, Inc. (STRL)





# 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	29.5%	Retail - Internet
CCS	Century Communities	\$92.80	3/24/2024		
CROX	Crocs, Inc	\$124.80	3/3/2024	13.5%	
DECK	Deckers	\$695.91	1/10/2024	29.5%	Retail Apparel Shoe
TOL	Toll Brothers	\$111.30	2/25/2024	13.0%	
SHAK	Shake Shack	\$73.70	1/28/2024	44.00%	Retail - Restaurant
TGT	Target Corp	\$167.00	3/10/2024	1.00%	
XRT	S&P Retail ETF	\$72.70	2/11/2024	6.00%	
INDUSTRIAL					
ETN	Eaton Corp	\$260.00	2/4/2024	17.0%	Diversified Operations
FTAI	FTAI Aviation	\$58.00	3/17/2024	9.0%	
LECO	Lincoln Electric	\$258.04	3/24/2024		
STRL	Sterling Infrastructure	\$112.03	3/24/2024	9.5%	
HEALTHCARE					
BSX	Boston Scientific	\$57.60	1/3/2024	16.0%	
LLY	Eli Lilly	\$618.50	1/3/2024	25.0%	
TECHNOLOGY					
ANET	Arista Networks	\$306.42	3/24/2024		
AMD	Advanced Micro Devices	\$118.50	11/12/2023	61.0%	Semiconductor
AVGO	Broadcom	\$944.30	12/10/2023	44.0%	Semiconductor
CRM	Salesforce	\$260.00	12/3/2023	19.5%	Software
CRWD	Crowdstrike	\$176.70	10/8/2023	67.5%	Software
CVLT	CommVault	\$97.60	3/3/2024	3.0%	
LRCX	Lam Research	\$865.00	2/11/2024	7.5%	Semiconductor
MSFT	Microsoft	\$327.30	10/8/2023	29.5%	Software
NVDA	Nvidia	\$450.00	11/5/2023	84.0%	Semiconductor
COMMUNICATION SERVICES					
META	Meta Platforms	\$315.40	10/8/2023	56.5%	Internet-Content
NFLX	Netflix	\$432.30	11/5/2023	46.0%	Internet-Content
ENERGY					
HAL	Halliburton Co.	\$37.00	3/17/2024	2.0%	

# Glossary of Terms Used From Our Suggested Holdings

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## 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.

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