



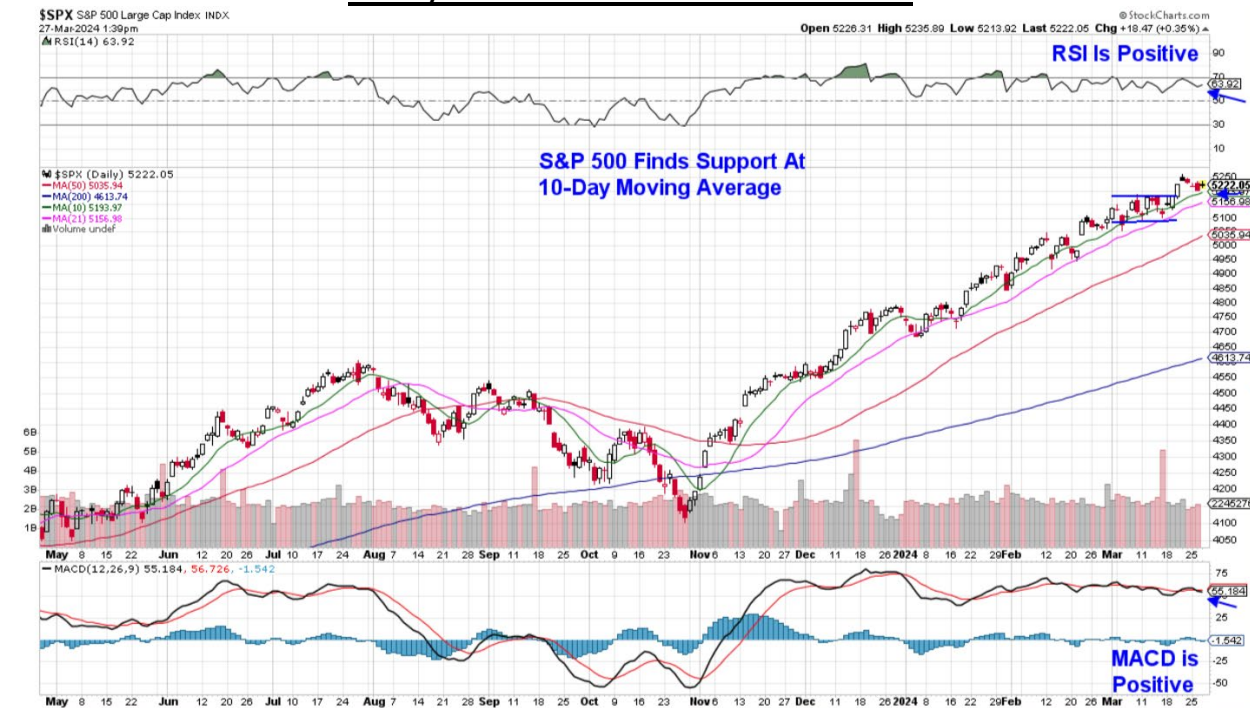
THE MEM EDGE

Midweek Report

Wednesday, March 27, 2024

- New Home Sales Dip In February
- Durable Goods Orders Perk Up In February
- Q4 GDP Second Revision Tomorrow
- Core PCE Data And Fed Chair Powell Speech Friday
- Markets Closed On Friday

Daily Chart Of S&P 500 Index



The S&P 500 has pulled back slightly and found support at its 10-day simple moving average for the week. With the RSI and MACD in positive territory, the near-term uptrend in this index remains in place.



THE MEM EDGE

Midweek Report

The NASDAQ has also pulled back to its 10-day simple moving average with a 0.6% decline for the week so far amid a pullback in Tech names. In addition, with the exception of Amazon and Tesla, each of the Magnificent Seven stocks are underperforming this week.

Instead, other recently weak areas of the market are seeing buying such as Medical Products and Biotech stocks which is giving the Healthcare sector a boost. Bank stocks are also outperforming and as mentioned in our Sunday report, these stocks are expected to outperform given the backdrop of a growing US economy. We'll be adding a stock from this Industry Group to our Suggested Holdings list today.

It's been a quiet week ahead of the upcoming long weekend as investors await Friday's PCE inflation data which will provide further clues to the Federal Reserve's possible rate cut program this year. Interest rates have pulled back slightly going into Friday's report primarily due to strong interest in the Treasury's auction of 7-year bonds today.

The Technology sector is the worst performer with a 1% loss for the week amid a pullback in Software and Semiconductor stocks.

Heavyweight name Nvidia (**NVDA**) is down 4.5% which puts the stock close to its 21 day simple moving average. The last time this stock pulled it back to its 21-day simple moving average was in late February directly before the release of their strong earnings report.



THE MEM EDGE

Midweek Report

The use of an intraday, 1 hour chart would help identify a buy point using that late February reversal. at that time the stock closed above it's 5 and 13 hours simple moving average with the RSI and MACD turning positive.

That said, outside of Friday's PCE data, we don't have an upcoming catalyst such as earnings or Nvidia's GTC conference last week which would help propel the stock higher over the near term.

On any further selling, we'll be looking at this 21-day simple moving average on the daily chart for support as a close below that would have us looking at the recent low of \$850 as the next area possible support. At this time, **NVDA** can be held, and we will review the stock further in our Sunday report.

Elsewhere in Semis, Broadcom (**AVGO**) is pulling back 3% this week on very light volume amid a lack of any news. The stock can be held.

Lam Research (**LRCX**) Is also pulling back on light volume while finding support at its upward trending 10-day simple moving average. A bullish MACD crossover on the daily chart would be quite positive however, in the meantime the stock can be held.

Advanced Micro (**AMD**) is down 1% as it continues to trend sideways at its 50-day simple moving average. The stock's recent underperformance is due to their lack of dominance in AI and we may see continued under performance over the near term.



THE MEM EDGE

Midweek Report

A close above its 10-day simple moving average coupled with a positive RSI would put AMD back into a buy zone.

Arista Networks (**ANET**) is pulling back 7% this week amid news that their co-founder has been fined \$1 million for insider trading activity. He has also been barred from any executive positions with Arista Networks and further action may take place.

At this time, **ANET** can be held as the selling is on below average volume and the stock is finding support at its 21-day simple moving average.

Software stocks continue to struggle as the group trades around its upward trending 50-day simple moving average. (using ETF IGV). Among software stocks on our list, Salesforce (CRM) has pulled back 2% despite a price target upgrade from Wall Street today. A close back above its 10-day simple moving average in the \$304 range would put the stock in a buy zone.

Microsoft (**MSFT**) pulled back from last week's new high in price with today's dip below its 10 days simple moving average finding buyers with the stock closing in the upper reaches of its trading range for the day. This puts Microsoft into a strong buy zone.

Crowdstrike (**CRWD**) remains in a tight trading range which has been in place this month as it consolidates after its large advance following strong earnings report. We anticipate the stock breaking out of this range and a close above the \$330 range on volume would push the stock into a buy zone.



THE MEM EDGE

Midweek Report

CommVault (**CVLT**) has also been in a tight trading range this month and a close above its recent high of a \$102 on volume would put the stock into a strong buy zone.

Retail stocks are outperforming slightly this week amid gains in stocks such as Target (**TGT**) from our List. This week's 3.5% gain has put the stock on the cusp of a 3-week base breakout at \$176. This would put TGT into a strong buy zone.

Housing stocks are flat this week amid news that new home sales dipped in February. Century Communities (**CCS**) has outperformed the group with the 2% advance that puts the stock on the cusp of a \$95 base breakout. A move above \$95 would put CCS into a strong buy zone.

Toll Brothers (**TOL**) is also outperforming with a 1% gain as the stock continues to find support at its upward trending 5-day simple moving average. The stock is in a buy zone.

Footwear retailers Deckers (**DECK**) and Crocs (**CROX**) are both up over 1% this week which keeps their uptrends in place and the stocks in a buy zone. As they find support above their upward trending 5-day simple moving average.

Shake Shack (**SHAK**) has struggled this week amid a pullback due to news that a new CEO has been appointed. With its RSI remaining in positive territory, a close above its 10-day simple moving average at \$105 would put the stock back into a buy zone.



THE MEM EDGE

Midweek Report

Amazon continues to trend higher as it finds support above its shorter term moving averages. This week's 0.5% gain has pushed the MACD into a bullish crossover however, higher volume on its rally days would provide more conviction for its current buy zone status.

As mentioned, Healthcare stocks are faring better this week and Boston Scientific (**BSX**) is now in a strong buy zone after today's 3 week base breakout.

Eli Lilly (**LLY**) is also trending higher with a 1% gain for the week. The stock can be bought.

Industrial stocks are trading in line with the markets with Eaton (**ETN**) now in a strong buy zone after closing above its 5-day simple moving average today.

FTAI Aviation (**FTAI**) remains in a confirmed uptrend as it finds support above its upward trending 5-day simple moving average. While this keeps the stock in a buy zone, we would add to new positions lightly given its advance over the past 2 weeks.

The Communication Services sector is pulling back this week amid a decline in heavyweight names such as Netflix (NFLX) which pulled back today after hitting a new high in price yesterday.

Today's decline was on below average volume and the stock has found support at its upward trending 21 day simple moving average which keeps **NFLX** in an uptrend. A pullback to this mav has proven to be an ideal buy point and the stock can be bought.



THE MEM EDGE

Midweek Report

Meta has also pulled back on below average volume this week and buyers came in on today's dip which is bullish price action as it closed the day in the upper portion of its trading range. A close back above its 10-day mav at \$499 would put **META** into a buy zone.

As mentioned earlier, the banking group turned positive today with a close above its 10-day simple moving average on relatively high volume. (using ETF KRE)

Today, we're adding East West Bancorp (**EWBC**) to our Suggested Holdings list after the stock posted a 3-week base breakout amid analyst upgrades to estimates for both this year and next. The 2.8% yielder is based in California with branches throughout the US. The stock is in a buy zone.

The stock market appears to be treading water in light volume that has areas outside of The Magnificent Seven fairing better for the week. Over the past 3 days, the equal weighted S&P 500 is outperforming as areas such as Banking and Healthcare are seeing a pickup in interest.

Historically, the markets pull back ahead of a long weekend as investors remove riskier trades. Adding to this possibility is the fact that on Friday we will get key inflation data as well as talking points from Fed Chair Powell who is due to speak at an event.



THE MEM EDGE

Midweek Report

At this time, the broader markets remain in an uptrend and we will elaborate further on the condition of the markets as well as stocks on our list in our report this Sunday.

Warmly,
Mary Ellen McGonagle
Editor, MEM Edge Report