



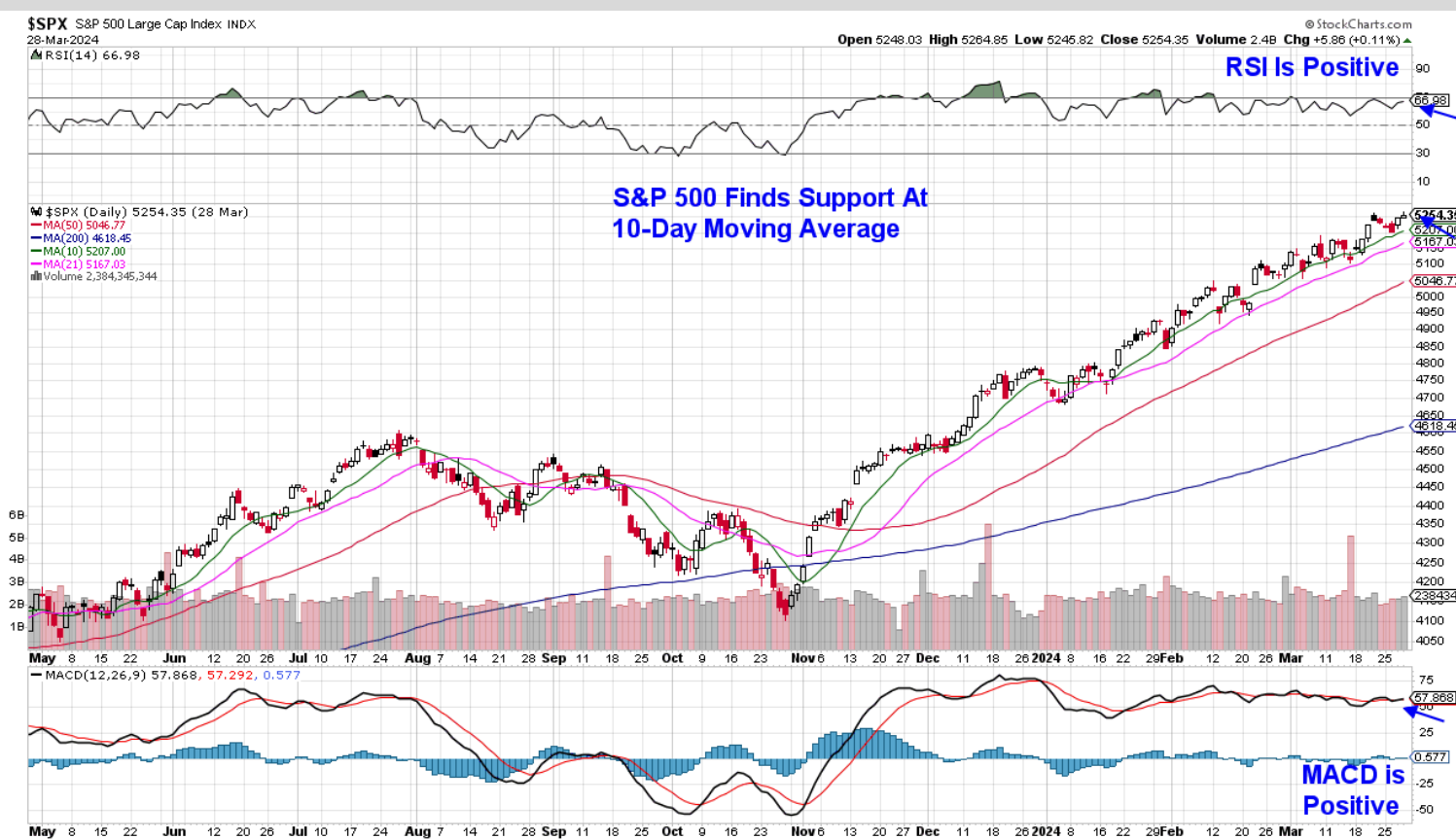
THE MEM EDGE

March 31, 2024 | Weekly Report

This Week's Highlights

- New Home Sales Dip In February
- Durable Goods Orders Perk Up In February
- Q4 GDP Comes In Stronger Than Expected
- Core PCE Data Increases As Expected
- March Employment Data Due Next Week

Daily Chart of S&P 500



The S&P 500 gained 0.4% for the week after recovering from a pullback to its 10-day simple moving average. With the RSI and MACD in positive territory, the near-term uptrend in this Index remains in place.

The NASDAQ also recovered from a pullback to its 10-day simple moving average and closed the week down 0.3%. The uptrend in this index also remains firmly in place.

Most of the Magnificent Seven stocks underperformed last week while more defensive areas such as REITs, Healthcare, and Staples outperformed. Cyclical areas of the market such as Financials, Materials, and Industrials also fared well as they continue to trend higher.

Last week's holiday-shortened period was rather quiet however, key economic data showed that the economy is continuing to remain strong with 4th quarter GDP numbers being revised upward while recently weak Durable Goods orders picked up in February.

The most key data point was released on Friday when the markets were closed with the Fed's preferred gauge of inflation - PCE- showing an increase that was expected.

Fed Chair Powell stated that he was pleased with the numbers as there were "no ugly surprises". This news could boost the markets next week as sticky inflation data has had investors on edge amid interest rates that have remained relatively high.

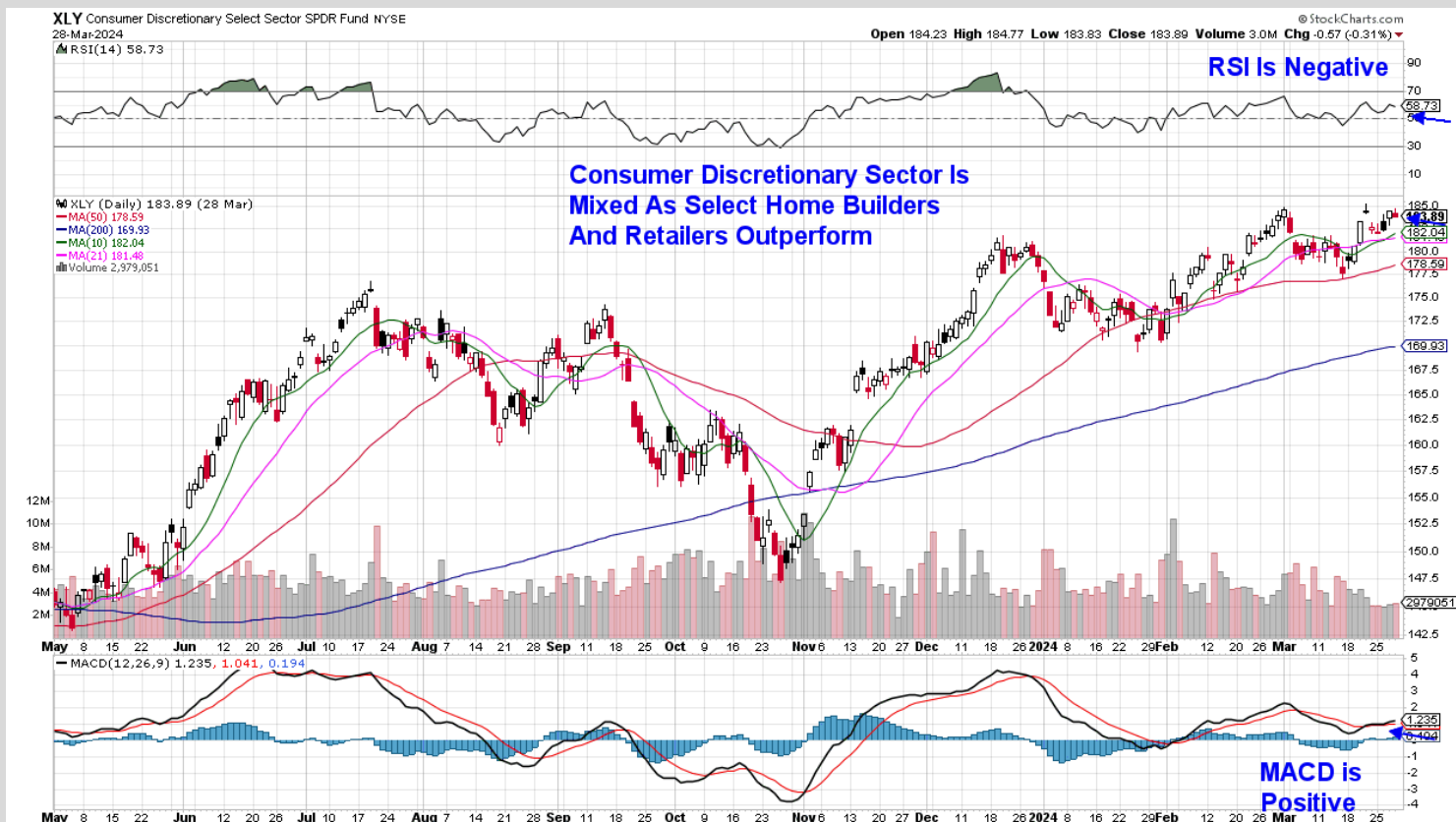
With economic data pointing to a resilient economy amid inflation data that supports a possible interest rate cut in June, we anticipate Cyclical areas of the market to remain strong. This would include industrial, retail, and banking names such as those on our list.

At this time, Technology and Internet-related stocks have been on pause, led by underperformance in the M7 stocks. In fact, **META**, **MSFT** and **GOOGL** are currently at the same price they were 2 months ago while **AAPL** is lower. **AMZN** and **NFLX** meanwhile, are trading in line with the S&P 500 which has gained 4.5% since the beginning of February. Software and Semiconductor stocks have been suffering of late as well.

We anticipate these growth areas to resume their strength following the release of earnings reports which will begin in less than 3 weeks. Overall, this current period of consolidation is healthy as it is creating a base from which another leg up can develop.

Next week, employment data for the month of March is due, and historically, these reports can be market-moving depending on jobs data and wage growth numbers. Any signs of considerable strength could dampen investors' outlook for rate cuts to begin in June.

Daily Chart of the Consumer Discretionary Sector (XLY)



Consumer Discretionary Sector Has Pockets Of Strength

The S&P Retail ETF (**XRT**) broke out of a one-month base after a 2.3% rally. Large Cap retailer Target (**TGT**) broke out of a 3-week base on above-average volume Thursday. We were on the lookout for this possibility in our Wednesday mid-week report and as cited, the breakout puts **TGT** into a strong buy zone.

Footwear manufacturers Deckers (**DECK**) and Crocs (**CROX**) both remain in confirmed uptrends after outperforming last week. Of the two names, **CROX** currently has more upside momentum - particularly when looking at the weekly chart with the MACD only recently entering into positive territory.

While **DECK** is in a buy zone as it finds support above its 5-day simple moving average, **CROX** is in a strong buy zone.

Home builders also outperformed with a 1.2% rally amid a slight decline in interest rates. (using ETF XHB) Recently added Century Communities (**CCS**) posted a 4% gain for the week which pushed the stock out of a 2-month base and into a strong buy zone. The weekly chart is also bullish which bodes well for the longer-term outlook for this stock.

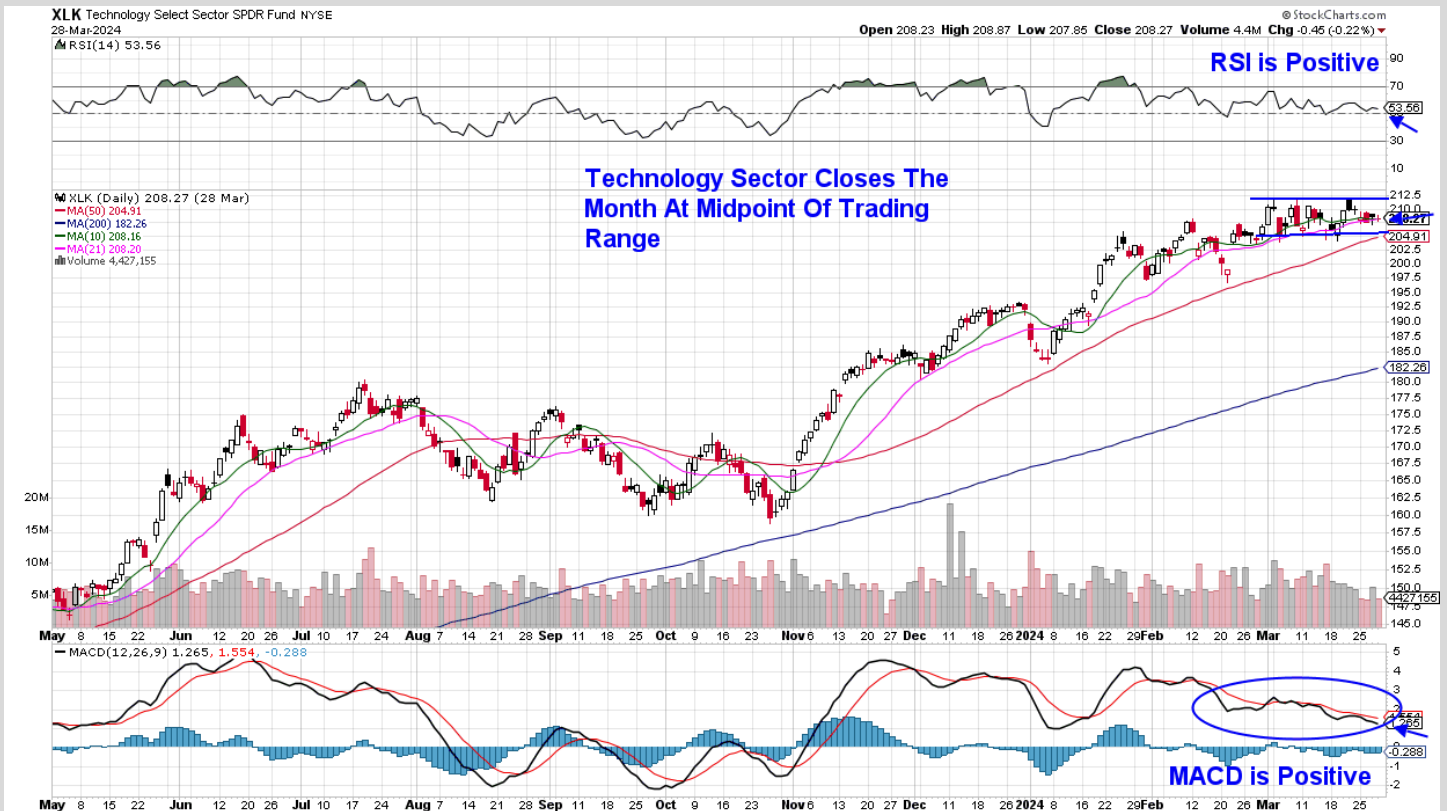
Toll Brothers (**TOL**) broke out of a one-week base after a 2.5% gain last week. The stock can be bought on any pullback to its 5-day simple moving average in the \$127 range.

Shake Shack (**SHAK**) pulled back 4% last week following news of a new CEO being appointed. At this time, the RSI and MACD on the daily chart remain in positive territory. A close back above its 10-day moving average at \$105 coupled with a bullish MACD crossover would put **SHAK** into a strong buy zone.

Heavyweight retailer Amazon (**AMZN**) has remained in a tight trading range for the month of March amid a lack of any significant news. The stock remains in a confirmed uptrend however and a close above the \$181 level would be quite bullish as the MACD is poised for a positive crossover on the daily chart.



Daily Chart of the Technology Sector (XLK)



Technology Sector Is Worse Performer

The Technology sector struggled last week amid underperformance in heavyweight names Apple (**AAPL**) and Microsoft (**MSFT**). Weakness in Software and Semiconductor stocks also held this sector back.

Semiconductor leader Nvidia (**NVDA**) pulled back 4.2% last week amid a lack of any significant news. The stock found support at its upward-trending 21-day simple moving average.

Similar to the overall Technology sector, **NVDA** has been in a trading range for the last 4 weeks in a much-needed period of consolidation that has put the RSI out of an overbought position on its daily chart.

On its weekly chart, the RSI remains elevated as it is above 80 however, this recent period of

consolidation has at least gotten the RSI down below 90 which is very overbought. Ideally, we would like to see further consolidation so that **NVDA** would be in a stronger position from which to experience a leg up.

According to Reuters, it was announced on Friday that the Biden Administration revised rules aimed at making it harder for China to access US AI chips designed by Nvidia and others. The new rules go into effect on Thursday, and may negatively impact **NVDA**. As you may recall, Nvidia had developed a special chip for China which was designed to circumvent earlier rules.

Broadcom (**AVGO**) gave back some of its prior weeks' 9% gain on news that their chips have advantages over competitors such as Advanced Micro and Nvidia. **AVGO** found support at its

upward-trending 21-day simple moving average with its RSI and MACD remaining in a bullish position. The stock is in a buy zone.

Lam Research (**LRCX**) was down less than its peers after a 0.5% pullback to its 21-day simple moving average which took place on very light volume. The stock is in a position to trade higher once we see overall momentum restored in the Semiconductor group. (using ETF SOXX)

Advanced Micro (**AMD**) was up 0.5% as the stock continues to trade at its 50-day simple moving average. On the daily chart, both the RSI and MACD are now in negative territory which signals negative momentum over the near term.

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

However, we are concerned about a possible negative MACD crossover on the weekly chart as historically, this would not bode well for the intermediate-term outlook. We will continue to monitor.

Software stocks underperformed last week with a 0.8% pullback. This group has been in a period of sideways price action for the past 6 weeks, as it continues to digest its 34% gain that took place from late October into mid-February. (using ETF IGV)

This gain pushed many individual stocks even higher, so that they were priced for perfection going into their fourth-quarter results. In response, many Software companies pulled back despite posting strong results.

This would include Salesforce (**CRM**) from our List which initially rallied slightly after reporting strong quarterly results but has since pulled back. Despite this recent price action, **CRM** has far outpaced the overall Software group this year and the stock can be held as its RSI and MACD remain in positive territory on the daily chart.

CrowdStrike (**CRWD**) has also been a huge outperformer with a year-to-date gain of 25% versus the software group's overall 5% gain. The stock remains in a tight trading range as it finds support above its 50-day simple moving average with its RSI and MACD in positive territory. **CRWD** can be held.

Last week, Microsoft (**MSFT**) pulled back from its prior week's 6-week base breakout to a new high in price. **MSFT** remains in an uptrend as it is above its 21-day simple moving average with a positive RSI and MACD. The stock can be held.

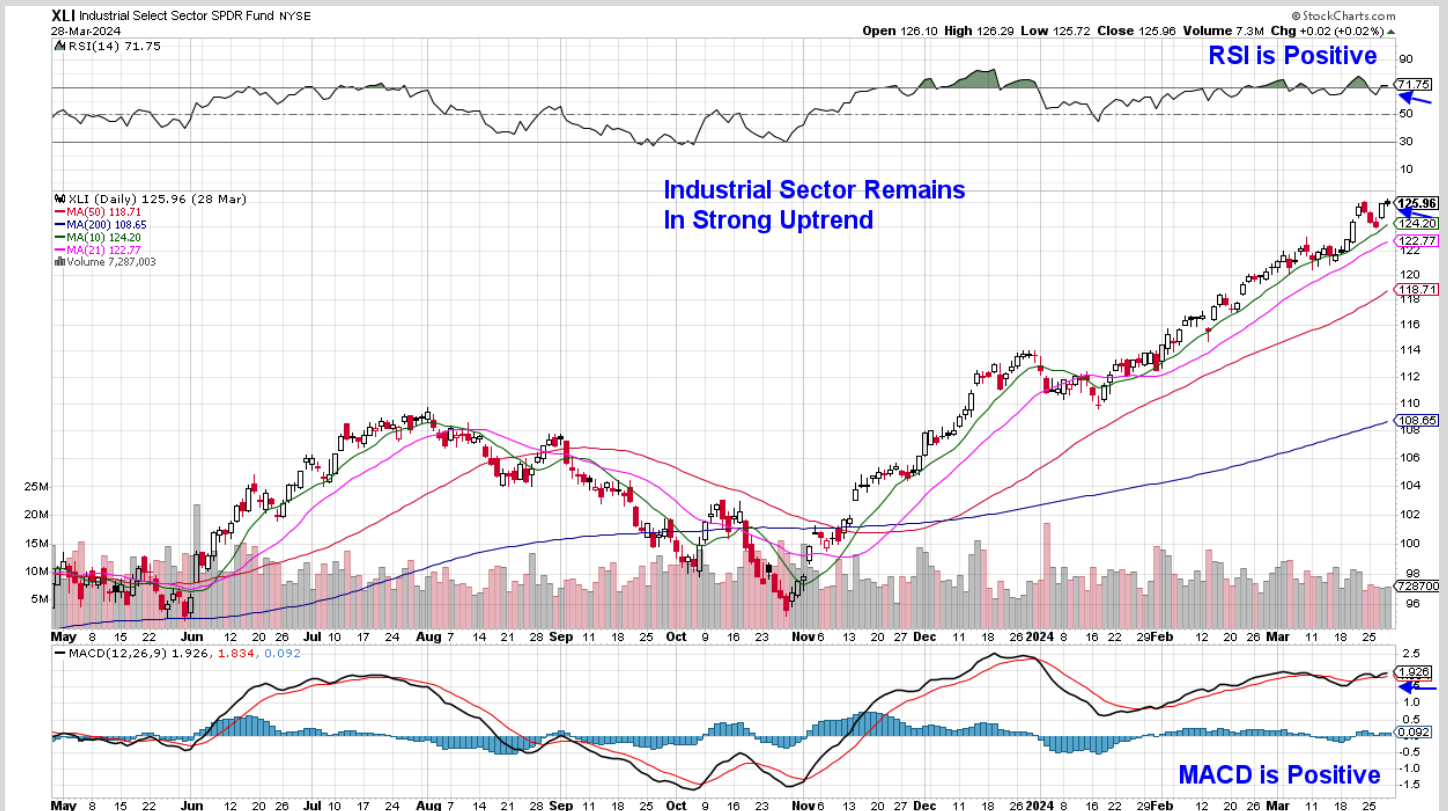
Smaller Cap company CommVault Systems (**CVLT**) closed the week at a new high after a 1% rally on above-average volume. The stock is in a bullish position to trade higher and a MACD bullish crossover would provide even more conviction.

Arista Networks (**ANET**) pulled back 5.5% last week amid news that their co-founder was fined \$1 million for insider trading activity. He is not part of the management team however.

The manufacturer of servers, routers, and network operating software that is used in AI data storage centers closed the week above its 21-day simple moving average with its RSI and MACD in positive territory.

A close back above its 10-day simple moving average at \$294 would put **ANET** in a buy zone.

Daily Chart of the Industrial Sector (XLI)



Industrial Sector Remains In Strong Uptrend

The Industrial sector gained 0.6% last week in a move that keeps this sector's uptrend very firmly in place. Leading the group higher were areas such as Airlines and Aerospace and Defense stocks.

This would include FTAI Aviation (**FTAI**) which gained 3% and 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.

Airline stocks were led higher by names such as Delta Airlines (**DAL**) which gained 5% ahead of the release of their earnings in 2 weeks. Buyers stepped in after a Wall Street upgrade to estimates for the

company's earnings for both this and next year. An upgrade within 2 weeks of a company's earnings report is generally bullish, as analysts will rarely put their reputation on the line unless they have some valid insights. Other Airline stocks are also trending higher and in confirmed uptrends.

This week, we are adding the US Global Jets ETF (**JETS**) to our Suggested Holdings list after last week's 3-week base breakout. We have listed the top holdings in the chart of **JETS** below, and each name is in a confirmed uptrend.

JETS can be bought on a pullback to the \$20.50 range which is close to its upward-trending 5-day simple moving average.

Eaton Corp (**ETN**) pulled back 1% last week but remains in a confirmed uptrend as it is trading above its 10-day simple moving average with its RSI and MACD in positive territory.

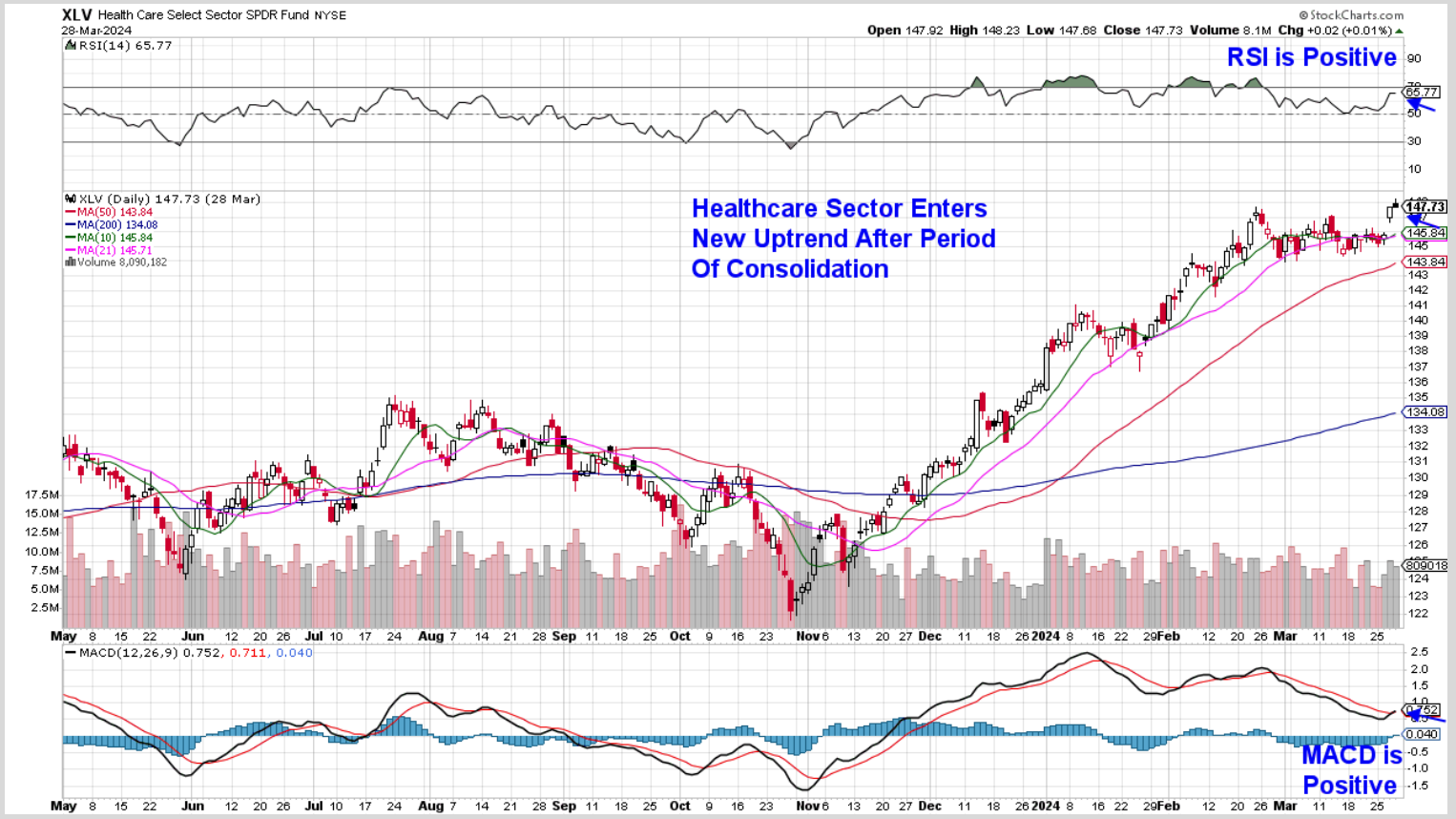
The stock is in a period of consolidation following its sharp advance after the release of quarterly results in early February which is when we added it to our Suggested Holdings List. We are on the lookout for further sideways price action so that the RSI can potentially move lower from its currently overbought position. **ETN** can be held.

Sterling Infrastructure (**STRL**) pulled back last week with most of the losses occurring on Friday following news that their CEO sold over 100,000 insider shares. **STRL** found support at its 10-day simple moving average with its RSI and MACD in positive territory. The stock is a buy zone.

Recently added Lincoln Electric (**LECO**) pulled back 1% last week and closed at its upward-trending 5-day simple moving average. With the RSI and MACD in positive territory, the stock is in a buy zone. A bullish MACD crossover would put **LECO** into a strong buy zone.



Daily Chart of the Health Care Sector (XLV)



Healthcare Sector Enters New Uptrend

The Healthcare sector entered a new uptrend after a 1-month base breakout on above-average volume Thursday. Last week's outperformance in Healthcare took place amid a rally in Pharmaceutical, as well as, Medical Products and Biotech stocks.

Eli Lilly (**LLY**) gained 1% as the stock continues to trend higher ahead of the anticipated approval of their Alzheimer's drug. **LLY's** recently tight trading range has allowed a period of consolidation so that the RSI could trend lower and out of an overbought condition.

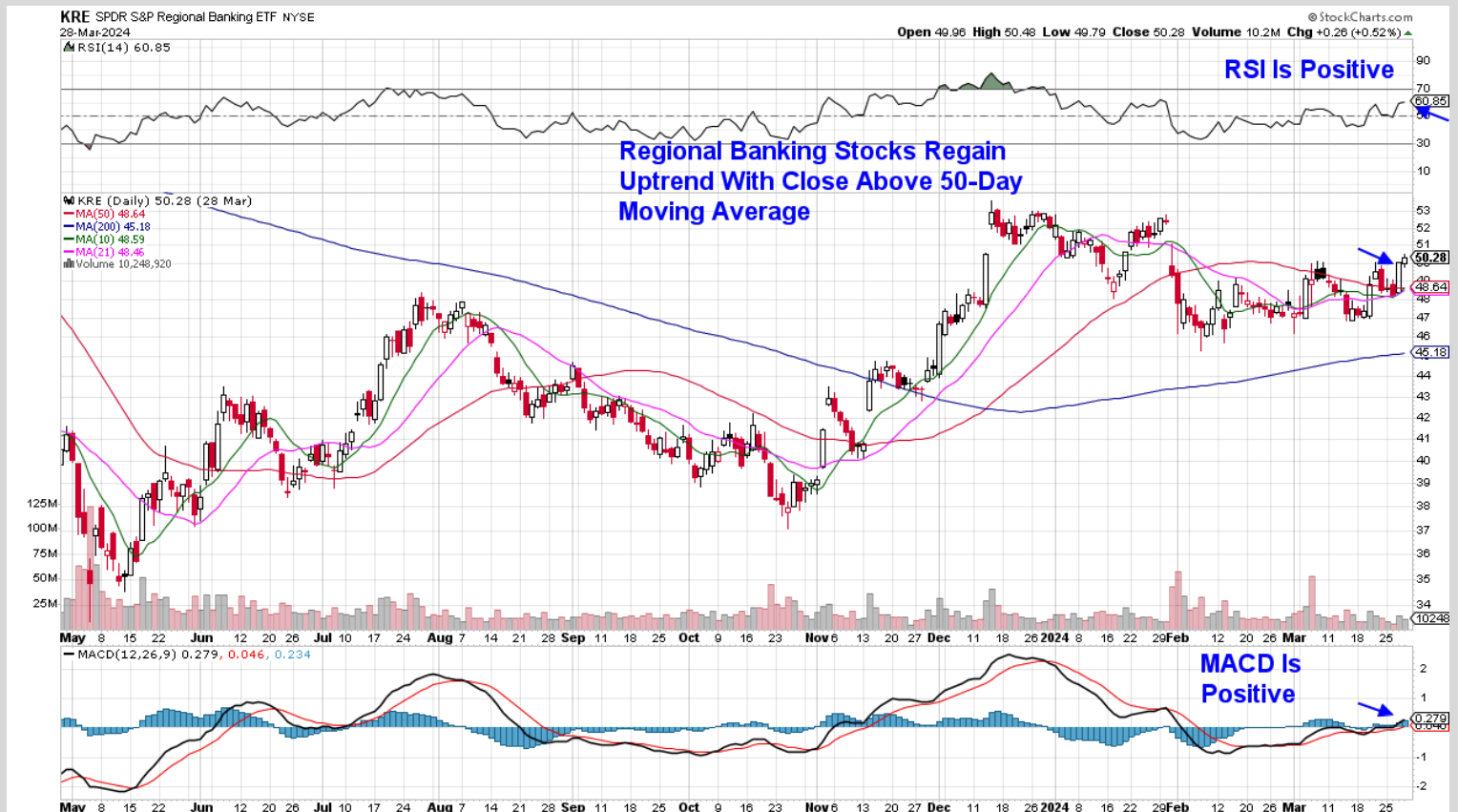
This is good news for the prospects for the stock and a close above its recent high of \$800, coupled with a bullish MACD crossover, would put **LLY** into a strong buy zone.

Boston Scientific (**BSX**) gained 1.3% which pushed the stock out of a 3-week base on above-average volume. The breakout took place after news of **BSX's** collaboration with a Medical Products Company in China that is expected to increase their revenue.

BSX is in a strong buy zone as the breakout has pushed the MACD into a bullish crossover on its daily chart.

This week, we are adding Merck (**MRK**) to our Suggested Holdings list after an FDA approval of their hypertension drug pushed the stock out of a 5-week base on heavy volume Wednesday. The company also received news that their cancer medication Keytruda Plus was approved in the EC on Thursday.

Daily Chart of the S&P Regional Banking ETF (KRE)



Bank Stocks Regain Uptrend Ahead Of Earnings

The Regional Banking ETF closed above its 50-day moving average in a move that has this group regaining its uptrend.

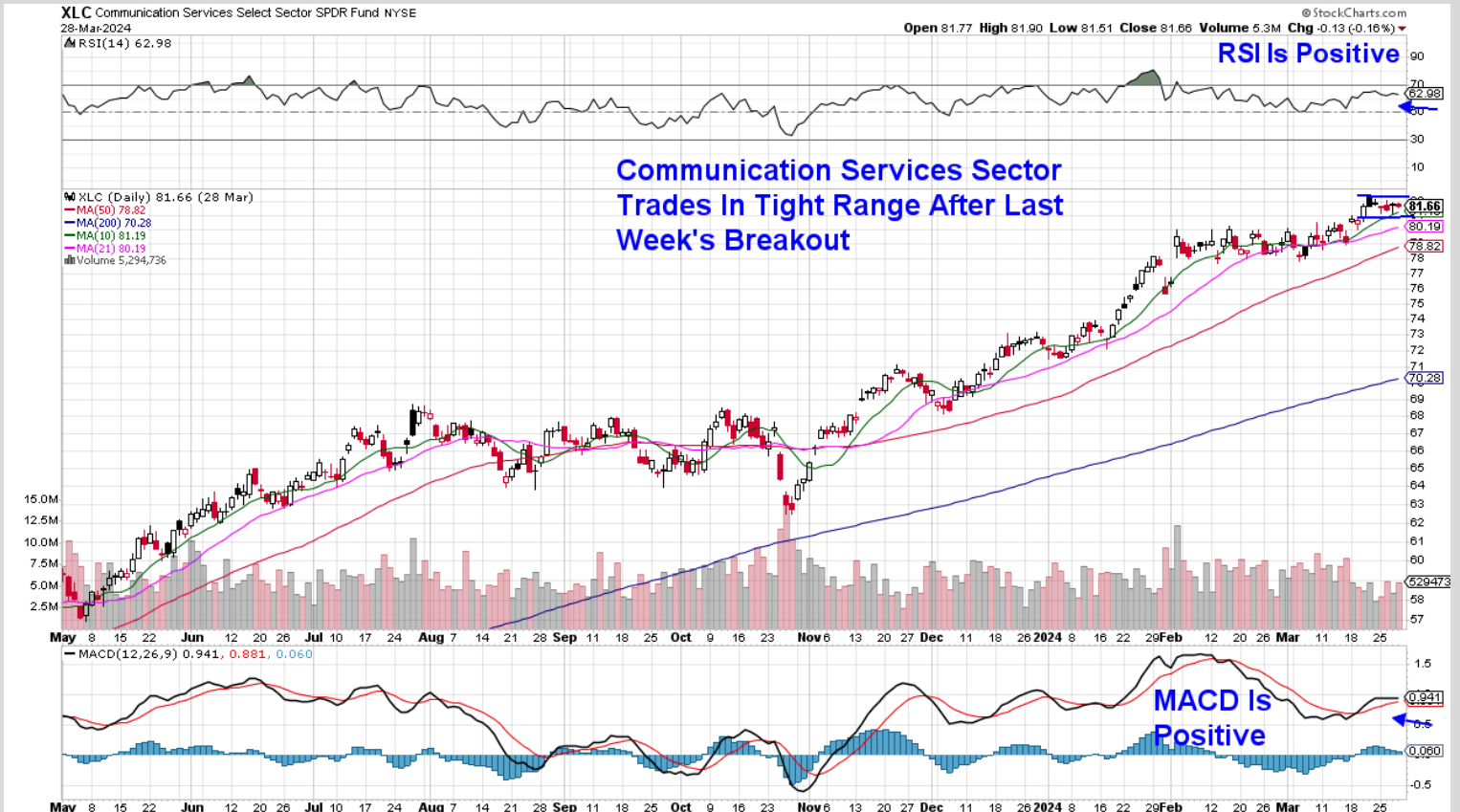
On Wednesday, we added East West Bancorp (**EWBC**) to our Suggested Holdings list after the stock posted a 3-week base breakout amid analyst upgrades to estimates for both this year and next. The 2.8% yielder is based in California with branches throughout the US. The stock is in a buy zone.

Today, we are adding Comerica (**CMA**) to our Suggested Holdings List. The 5.2% yielder operates banking centers in larger states such as CA, TX, and FL. The stock is 2 points away from a \$57 base breakout. **CMA** is in a buy zone.

We're also adding Allstate Insurance (**ALL**) to our Suggested Holdings list after a 7-week base breakout that followed a major price target upgrade from Wall Street.

The upgraded outlook was due to Allstate's continued increase of insurance premiums which has the company's growth outlook on track for a big improvement over last year. **ALL** had large underwriting losses in 2022 and 2023 due to increased catastrophic storms. **ALL** is in a buy zone.

Daily Chart of the Communication Services Sector (XLC)



Communication Services Sector Pulls Back

Heavyweight names Meta Platforms (**META**) and Alphabet (**GOOGL**) both pulled back last week amid news that they will be investigated by the EU's new Digital Markets Act which challenges the power of tech giants to dominate internet-related services. Any potential breaches could result in hefty fines for these companies.

Meta Platforms (**META**) closed the week below its 21-day simple moving average with the RSI now in negative territory. The company has a history of price action similar to this, such as late October and early December of last year. The next possible area of support for **META** is its early March low of \$476.

On any rallies, **META** can be bought on a close above the \$498 level which is where its 5, 10 and 21-day moving averages have convened.

Netflix (**NFLX**) struggled last week as well, with a 3.3% pullback after two major Wall Street firms removed the stock from their best idea list. **NFLX** closed the week below its 21-day simple moving average with its RSI and MACD in positive territory.

The stock can be held, and a close back above its 21-day MAV at \$613, would put Netflix back into a buy zone.

Summary

Last week, AI-related stocks were generally ignored with the top performers in the S&P 500 being a mix of Utilities, Staples, and Industrial names that either posted strong earnings or had their outlooks improved by analysts. Insider buying and selling activity also swayed activity with Nvidia pulling back amid news of insiders selling this top performer.

In all, it was a generally quiet week with recently strong Technology stocks continuing to consolidate while newer areas such as Banks and Healthcare moved into uptrends. This quiet, pre-earnings price action is not unusual as investors size up the odds of a Fed interest rate cut amid a resilient economy.

And while Treasury yields and economic data clearly impact the markets, as past earnings seasons have shown, the largest mover of individual stocks is the release of their earnings and sales numbers. →

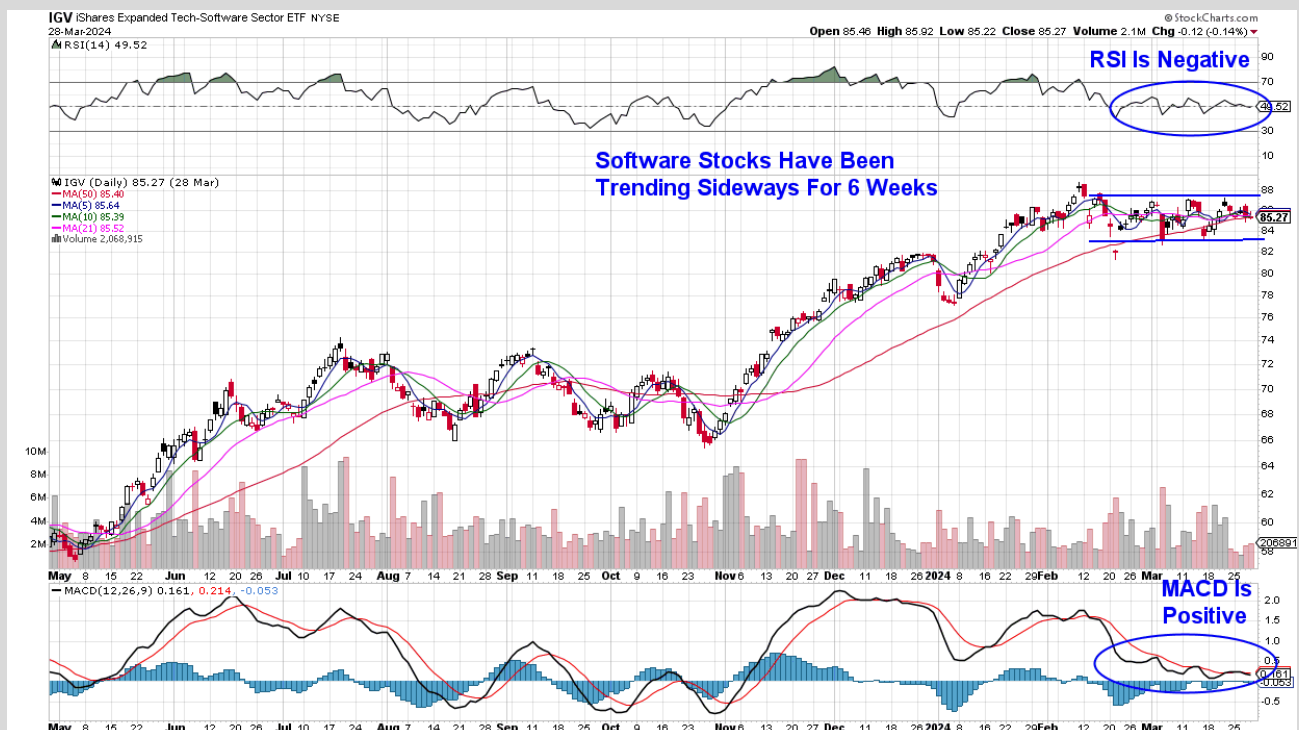
Management's guidance regarding growth going forward is an equally powerful mover of the company's stock price.

First up before earnings season begin in 3 weeks however, will be a possible reaction to Friday's Personal Consumption Expenditures (PCE) data which Fed Chair Powell deemed as "being good". Friday's employment data will also be closely watched.

We will continue to alert you to any shifts taking place beneath the surface of the seemingly placid market.

Charts We Are Watching:

Daily Chart of iShares Expanded Tech-Software Sector (IGV)

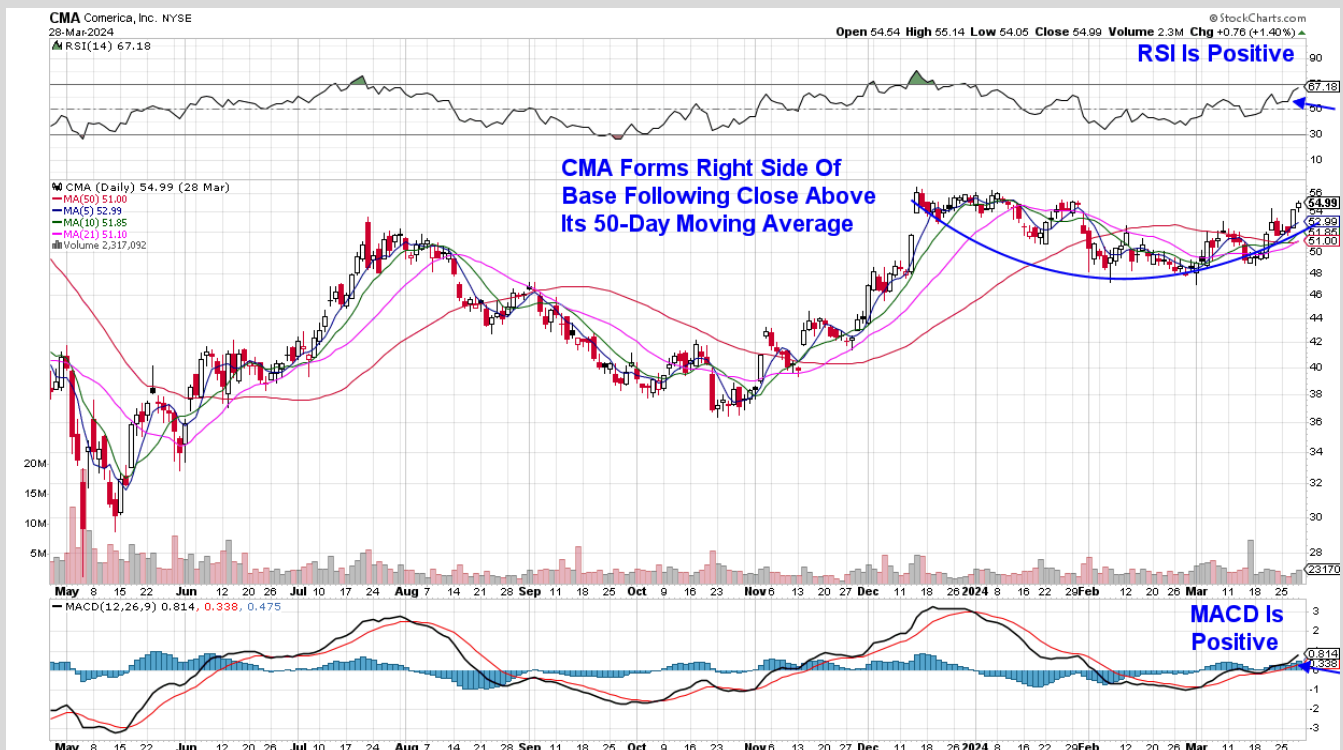


New Idea Charts:

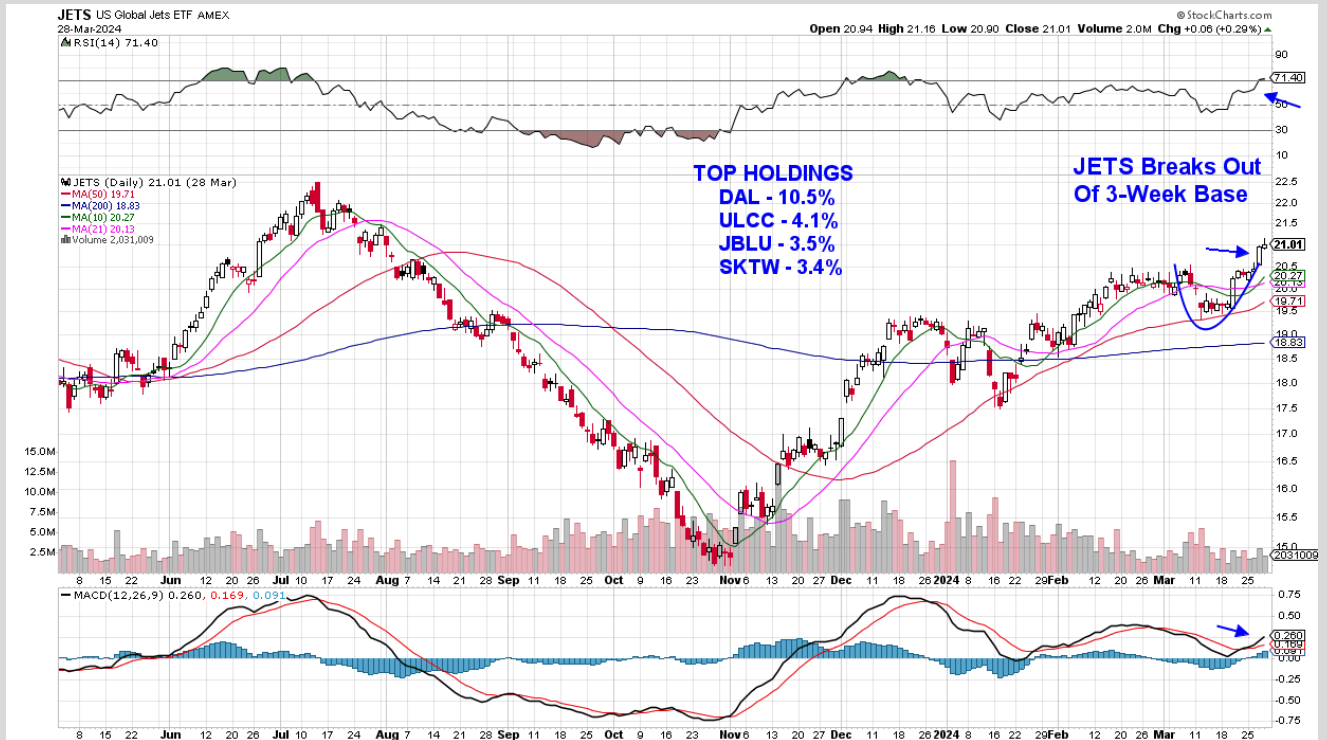
Daily Chart of Allstate Corp. (ALL)



Daily Chart of Comerica, Inc. (CMA)



Daily Chart of US Global Jets ETF (JETS)



Daily Chart of Merck & Co., Inc. (MRK)



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	30.5%	Retail - Internet
CCS	Century Communities	\$92.80	3/24/2024	4.0%	
CROX	Crocs, Inc	\$124.80	3/3/2024	15.0%	
DECK	Deckers	\$695.91	1/10/2024	31.5%	Retail Apparel Shoe
TOL	Toll Brothers	\$111.30	2/25/2024	18.0%	
SHAK	Shake Shack	\$73.70	1/28/2024	39.00%	Retail - Restaurant
TGT	Target Corp	\$167.00	3/10/2024	6.00%	
XRT	S&P Retail ETF	\$72.70	2/11/2024	8.50%	
FINANCIAL					
ALL	Allstate	\$173.01	3/31/2024		
CMA	Comerica	\$54.99	3/31/2024		
EWBC	East West Bancorp	\$79.25	3/31/2024		
INDUSTRIAL					
ETN	Eaton Corp	\$260.00	2/4/2024	16.0%	Diversified Operations
FTAI	FTAI Aviation	\$58.00	3/17/2024	12.0%	
JETS	US Global Jets ETF	\$20.50	3/31/2024		
LECO	Lincoln Electric	\$258.04	3/24/2024	-1.0%	
STRL	Sterling Infrastructure	\$112.03	3/24/2024	-1.5%	
HEALTHCARE					
BSX	Boston Scientific	\$57.60	1/3/2024	17.5%	
LLY	Eli Lilly	\$618.50	1/3/2024	26.0%	
MRK	Merck & Co.	\$131.90	3/31/2024		
TECHNOLOGY					
ANET	Arista Networks	\$306.42	3/24/2024	-5.0%	
AMD	Advanced Micro Devices	\$118.50	11/12/2023	61.5%	Semiconductor
AVGO	Broadcom	\$944.30	12/10/2023	42.0%	Semiconductor
CRM	Salesforce	\$260.00	12/3/2023	17.5%	Software
CRWD	Crowdstrike	\$176.70	10/8/2023	65.5%	Software
CVLT	CommVault	\$97.60	3/3/2024	4.0%	
LRCX	Lam Research	\$865.00	2/11/2024	7.0%	Semiconductor
MSFT	Microsoft	\$327.30	10/8/2023	27.5%	Software
NVDA	Nvidia	\$450.00	11/5/2023	80.0%	Semiconductor
COMMUNICATION SERVICES					
META	Meta Platforms	\$315.40	10/8/2023	51.5%	Internet-Content
NFLX	Netflix	\$432.30	11/5/2023	43.0%	Internet-Content

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.

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