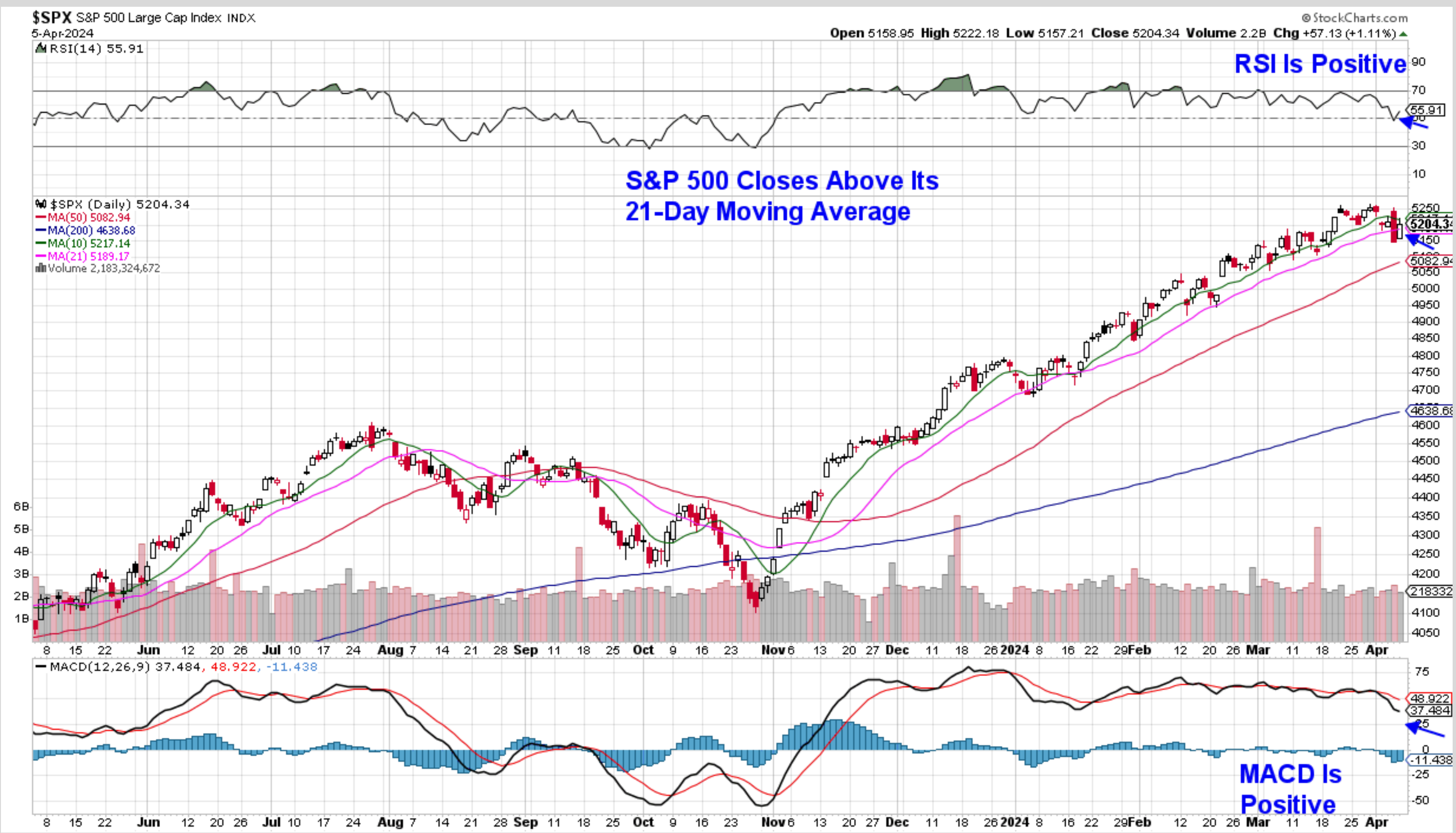
THE MEM EDGE

April 7, 2024 | Weekly Report

This Week's Highlights

- Manufacturing Gauge Turns Positive - 1st Time In 17 Months
- Factory Orders Rise & Private Sector Hiring Strongest In 8 Months
- Fed Official's Comments Rattle Markets On Thursday
- Key Employment Data For March Due Friday
- Job Creations Much Stronger Than Anticipated In March
- Wages Increase Modestly
- Core CPI And PPI Data Next Week
- Earnings Season Begins Next Week

Daily Chart of S&P 500



The S&P 500 ended the week down 1% with a Friday rally that pushed this index back above its 21-day moving average while also pushing the RSI back into positive territory.

With this Index back above key support and both the RSI and MACD in positive territory, the near-term uptrend is back in place.

The NASDAQ closed the week down 0.8% and this index was also able to recover its 21-day simple moving average with the RSI moving back into positive territory after Friday's rally. This dynamic puts the near-term uptrend back in place.

While the broader market Indices are both in an uptrend, there is trouble beneath the surface with three sectors currently in, or close to being in, a confirmed downtrend. Among them are two high-growth areas, as Technology is hovering around its 50-day moving average while Consumer Discretionary is below this key moving average. Both sectors have a negative RSI. Healthcare is the third sector, and it is in a downtrend.

Last week, the markets began to exhibit weakness early on, as strong economic data in the manufacturing area boosted interest rates amid news that the economy is continuing to expand. Growth areas were hit the hardest, such as Retail and Medical Products. Software stocks also came under selling pressure.

There were clear-cut pockets of strength however, with Energy stocks gaining 4% for the week amid a rise in the price of oil due to increased tensions in the Middle East. Industrial stocks also continued their outperformance as did select Magnificent Seven stocks which we will review below.

Comments on Thursday from Minnesota Fed President Neel Kashkari that “there's a possibility there won't be any cuts if the inflation outlook doesn't improve”, pushed stocks sharply lower so that the Indexes closed the day below key support with negative momentum indicators.

The markets staged a recovery rally on Friday despite a jobs report that came in much stronger than expected.

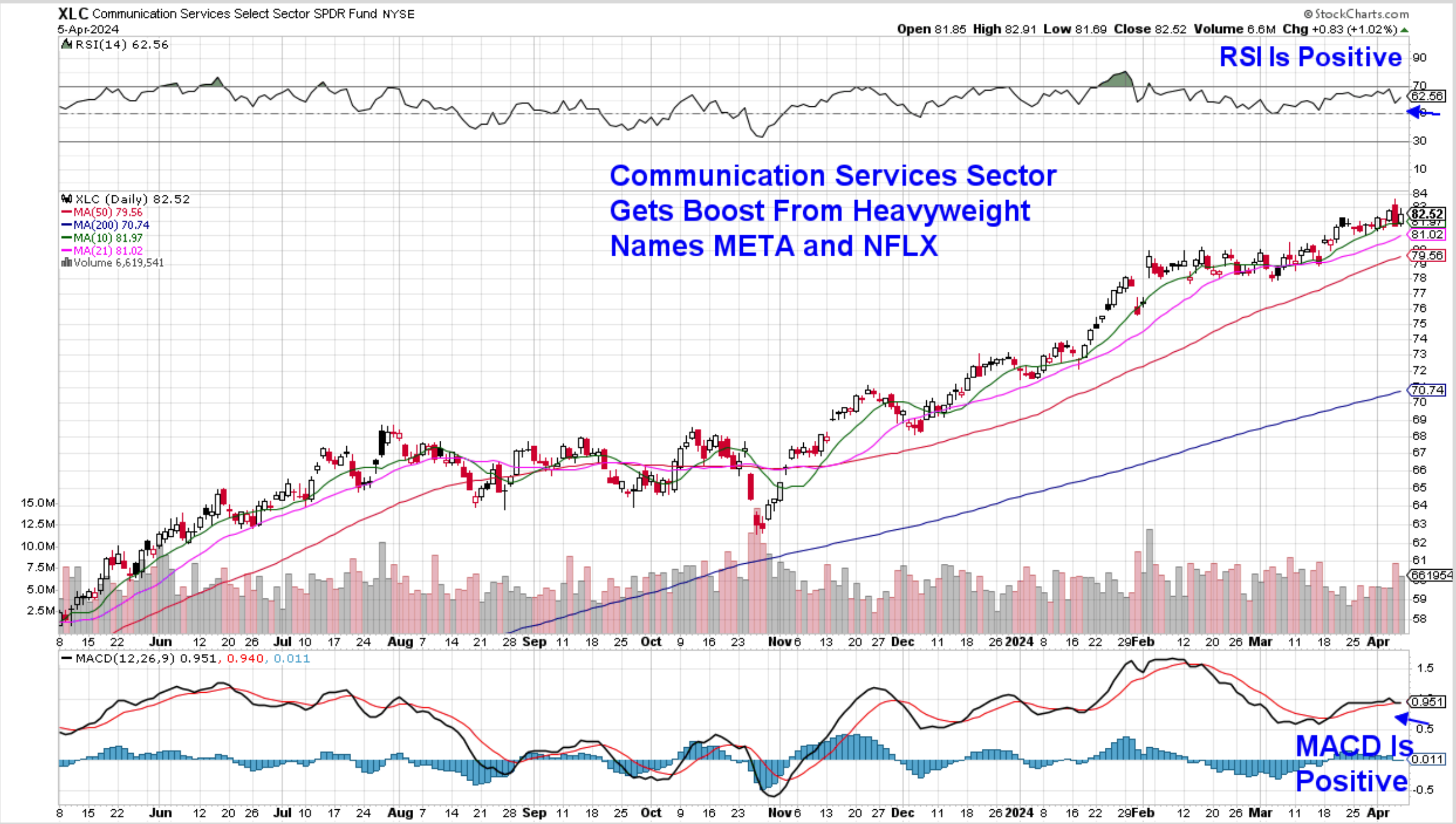
As cited in our Thursday Alert report, the last time we experienced a late-day sell-off in response to Fed officials comments raising interest rate fears, was December 20th of last year. The similarities do not end there, as we are currently in a period that is in between quarterly earnings reports, which was the case in late December.

While a lack of corporate earnings reports has investors more susceptible to headline news, the backdrop that has been in place remains. In particular, Growth areas of the markets are exhibiting weakness and moving into downtrends, while Cyclical areas that fare well in a growing economic environment, are outperforming.

Next week, investor’s resolve will be tested, as key inflation data by way of CPI and PPI reports will be released. In addition, earnings season will begin with major airliner Delta Airlines due to report, as well as several major Banks.

At this time, we will continue to favor Cyclical areas of the market, as well as, select Magnificent Seven names such as those on our List, until the charts tell us otherwise. One potential bright spot going forward is that Technology’s recent sideways price action will give these stocks more of a chance to rally in response to any strong earnings.

Daily Chart of the Communication Services Sector (XLC)



[Communication Services Sector Gets Mega-Cap Boost]

The Communication Services sector gained 1.1% last week led by sharp outperformance in Meta Platforms (**META**) and Netflix (**NFLX**).

Large-cap name Spotify (**SPOT**) was a big winner with a 17% gain in response to an increase in subscribership fees. While the stock is poised for further upside, we are on the lookout for a pullback before possibly adding it to our Suggested Holdings List.

META's 8.5% rally took place following Wall Street upgrades due to an anticipated growth in the company's digital advertising sales. The company generates more than 95% of their revenue from ad sales and the boost in outlooks ahead of their release of earnings later this month, is quite bullish.

META broke out of a 3-week base on above-average volume which is quite positive. Even more bullish is the fact that the MACD posted a positive crossover on the daily chart. (black line up through the red) This puts **META** into a strong buy zone and the stock can be bought in the $508 range - near its 5-day simple moving average.

Netflix (**NFLX**) also received a boost from a Wall Street firm with a price target upgrade to $765 due to the company's leadership in the pay-for-streaming media space. **NFLX** broke out of a two-week base after last week's 5% rally ahead of the release of their earnings in less than 2 weeks. The stock is in a strong buy zone.

Uber Technologies (**UBER**) is also in this sector and the stock is very close to turning bullish as it moves closer to a close above its 10 and 21-day simple moving averages. the stock is at the top of our Watch List and we will alert you once it enters into a buy zone.

At this time, analysts are calling for a 123% improvement in earnings over last year, and the company is due to report quarterly results later this month.

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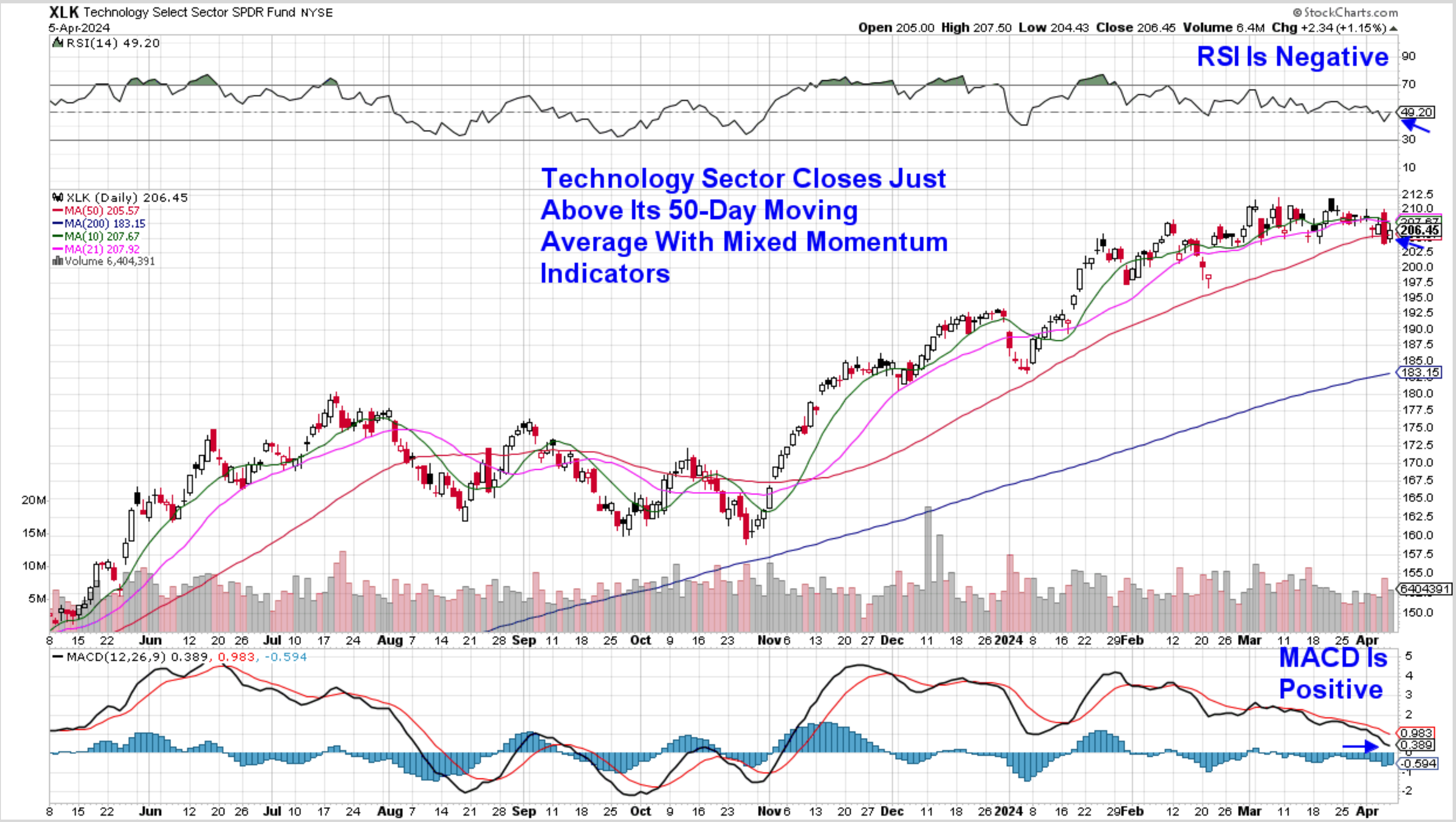
Daily Chart of the Technology Sector (XLK)



[Technology Sector Continues To Struggle]

As highlighted in last week's report, the Technology sector had been in a trading range as it moved sideways over the past 6 weeks. Last week, Tech closed below this trading range with a 1% pullback.

While the group was able to recover from Thursday's close below its 50-day simple moving average, the RSI remains below 50 which keeps us cautious in our near-term outlook for Technology stocks.

Growth areas of the market such as Tech have been seeing weakness as higher interest rates reduce the value of future earnings in these faster-growing companies.

This would include Software stocks that lost 1.3% for the week in a move that pushed the RSI and MACD into negative territory on the daily chart. (using ETF IGV).

Among software stocks on our list, Crowdstrike (**CRWD**) closed the week down 1.6% in a move that has this stock just below its 50-day simple moving average with the MACD and RSI in negative territory. Shorter-term investors will want to lighten up on any positions while longer term on the weekly chart, **CRWD** remains positive and can be held.

CommVault Systems (**CVLT**) closed the week above each of its moving averages with its RSI and MACD in positive territory. A close above the $102 level coupled with a positive MACD crossover, would put

CVLT into a buy zone. For now, the stock can be held.

Microsoft bullishly ended the week back above its 10-day simple moving average ahead of the release of their earnings in less than 3 weeks. While this puts the stock in a buy zone, weakness in software, as well as the technology sector, would have us adding to any new positions very lightly.

Semiconductor stocks pulled back 2% last week, led lower by double-digit losses in Intel (**INTC**) after the company released their newly structured financials that showed their chip foundry division is losing money.

Nvidia (**NVDA**) pulled back for the second week in a row with a 2.6% loss that keeps the stock below its downward trending 10-day simple moving average. As previously mentioned, the stock is in a much-needed period of consolidation as it digests its year-to-date return of 80%.

NVDA can be held.

Lamb Research (**LRCX**) from our List closed the week flat as it remains in a trading range after hitting a new high in price a month ago. **LRCX** is a part of the Semiconductor Equipment group which is currently the strongest sub-industry group among Semis, as analysts are revising their earnings estimates higher for flash storage components and other equipment.

These upgrades are due to upward estimates for chip demand. **LRCX** can be held.

Among other Semis in the equipment group, ACM Research (**ACMR**) is in a bullish position to trade higher as it moves within 2 points of a 6-week base breakout at $34. We intend to add **ACMR** to our Suggested Holdings List once the Semiconductor group (SOXX) and Technology sector (XLK), turn positive.

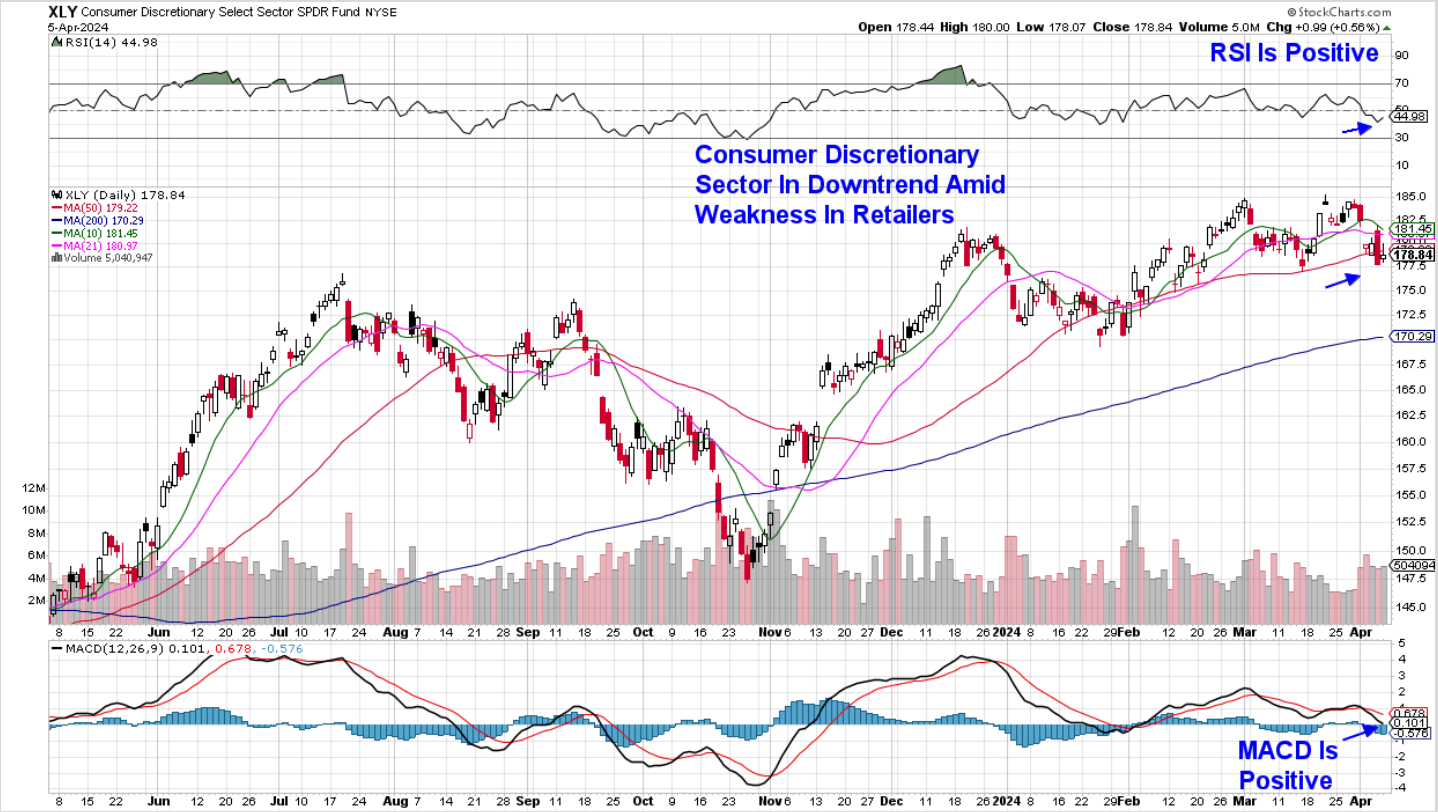
Broadcom (**AVGO**) posted a 1% gain for the week with a close back above each of its shorter-term moving averages which puts the stock into a buy zone. That said, weakness in the overall group would have us limiting any new positions.

Computer networking stock Arista Networks (**ANET**) closed the week up 2.6% as the stock recovered from a pullback due to news that their co-founder was fined for insider trading.

The manufacturer of servers and network operating software that is used in AI data storage centers, closed the week above its 10-day simple moving average with its RSI and MACD in positive territory. This puts **ANET** into a strong buy zone however, weakness elsewhere in this sector would have us keeping new positions light at this time.

While the overall Technology sector is exhibiting weakness, there remain strong stocks in this group such as Dell Technologies (**DELL**) which is poised for further upside after last week's 5-month base breakout at $131. This is quite encouraging and we intend to add the stock to our buy list once the Tech sector turns bullish.

Daily Chart of the Consumer Discretionary Sector (XLY)



[Consumer Discretionary Sector In Downtrend After Retailers Suffer]()

The Consumer Discretionary sector closed the week below its 50-day simple moving average with both its RSI and MACD in negative territory.

The sector was hurt by a sharp pullback in retail stocks which fell 5.5%. (using ETF XRT). The decline in retailers was widespread, as news from discount Retailer 99 Cent Store that they are closing all stores, pushed other discount retailers lower. The news followed last month's bankruptcy filing of Joann's (**JOAN**).

Even more impactful last week was news from specialty retailer Ulta Beauty (**ULTA**) that they anticipate slower growth into the remainder of this year.

Each of these companies derive sales from brick-and-mortar stores, with **ULTA** operating over 1500 stores nationwide. More recently, Lululemon (**LULU**) who operates over 650 stores posted weak earnings with a poor growth outlook.

ETF **XRT** found support at its 50-day simple moving average however, with its negative RSI, we are removing **XRT** from our Suggested Holdings list.

Shoe manufacturers Deckers Outdoor (**DECK**) and Crocs (**CROX**) both fell 6.5% for the week. While Crocs held support above its shorter-term moving averages with positive momentum indicators, Deckers closed the week at its 50-day simple moving average with a negative RSI.

We're removing Decker's Outdoor (**DECK**) from our Suggested Holdings list and taking profits while Crocs (**CROX**) can be held.

Big box retailer Target (**TGT**) held in relatively well with a 3% pullback for the week. This is in line with other large retailers such as Walmart and Costco which fared better than their smaller peers as they are better positioned to grow due to online sales.

TGT can be held and a close above its 10-day simple moving average at $174 would put the stock in a buy zone.

Restaurant stocks also held in relatively well, with Shake Shack (**SHAK**) pulling back 2.7% for the week. A close back above its 10-day simple moving average at $103 would put the stock into a buy zone.

Amazon (**AMZN**) closed at a near-term high in price following news that they will be cutting several hundred jobs in their web services division. In other news, it was reported that the company is continuing to invest outside of their firm in AI startup Anthropic in order to be a leader in the AI space.

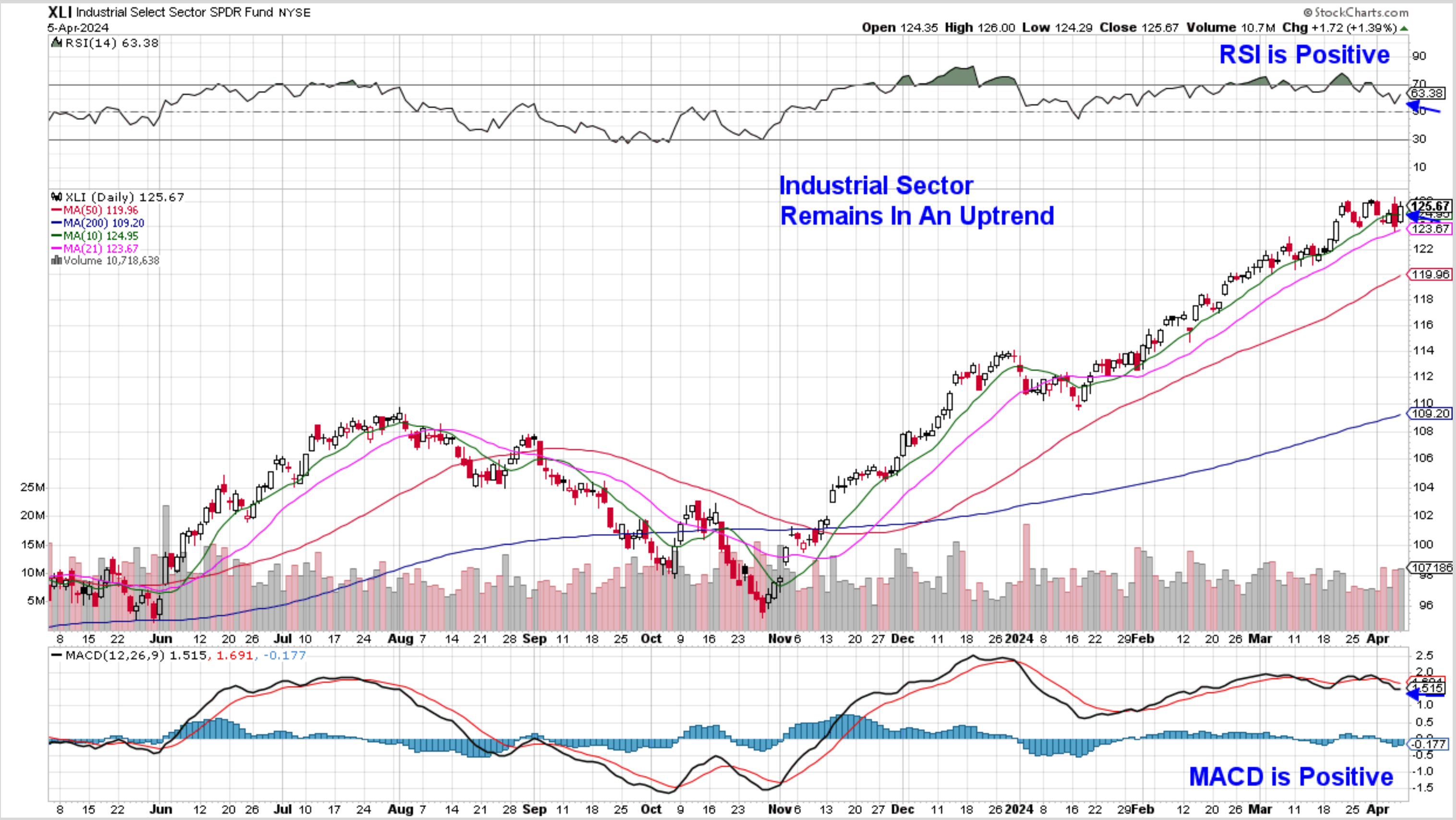
AMZN is in a new uptrend as confirmed by a positive MACD crossover on its daily chart. This puts the stock into a buy zone.

Last week, housing stocks were hurt by the rise in interest rates as it will increase mortgage rates and potentially decrease sales over the near term.

Century Communities (**CCS**) from our list was among the harder-hit names in this group with a pullback that has the stock closing below its 50-day simple moving average. With the RSI now in negative territory, we are removing **CCS** from our Suggested Holdings list.

Toll Brothers (**TOL**) fared better with a close back above its 10-day simple moving average with both its RSI and MACD in positive territory. A close above its 10-day simple moving average at $126, would put **TOL** into a buy zone.

Daily Chart of the Industrial Sector (XLI)



[Industrial Sector Remains In Confirmed Uptrend]

The Industrial sector regained its uptrend with a close above its 10-day simple moving average amid gains in Aerospace and Industrial Supplier stocks such as those on our Suggested Holdings list.

FTAI Aviation (**FTAI**) is a prime example after the stock gained 8% for the week ahead of the release of their earnings in 3 weeks. The stock's strong performance last week was due to an upgrade from major Wall Street firm Barclays which has the stock at an overweight rating. **FTAI** is extended after last week's rally and the stock can be bought on a pullback to the $70 range at its 5-day simple moving average.

Eaton Corp (**ETN**) who provides electrical power and control equipment to companies such as data centers that need vast amounts of electricity to process AI-related tasks, also received a boost from Wall Street upgrades last week.

Last week's 6% gain keeps **ETN** in an uptrend however, it extended above a $320 buy point at its 5-day moving average.

Lincoln Electric (**LECO**) pulled back 3% last week amid weakness in construction-related stocks due to higher interest rates. The decline is similar to a late December pullback where **LECO** found support at its 50-day simple moving average and reversed its downtrend amid strength in home construction stocks.

LECO can be held with the close back above its 10-day simple moving average at $253 putting the stock in a buy zone.

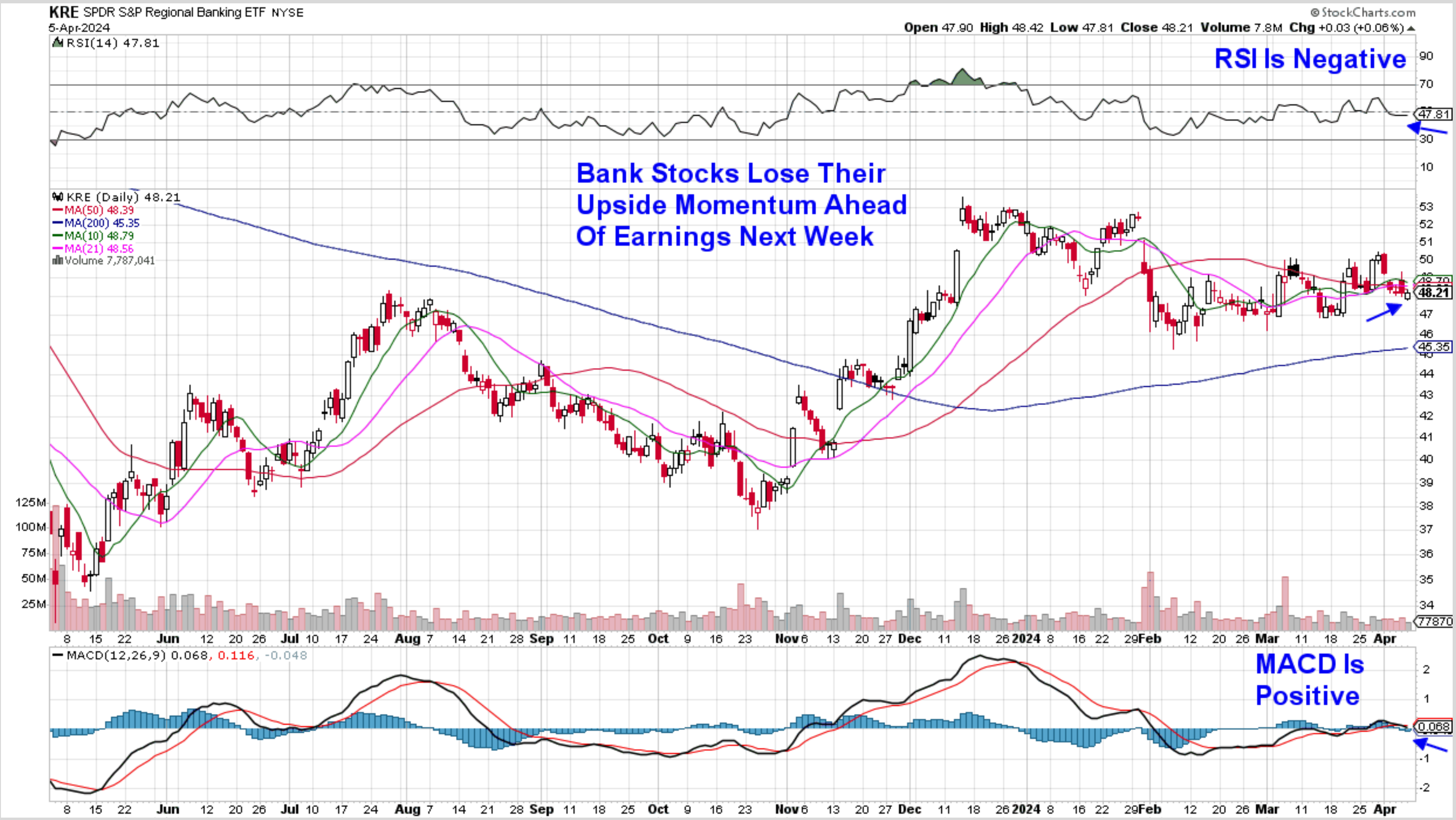
Sterling Infrastructure (**STRL**) is also a homebuilder construction-related stock, and last week it pulled back 2.5% on light volume. **STRL** has seen earnings estimates revised upward ahead of the release of their results in 3 weeks. The stock can be bought on a close back above its 10-day simple moving average at $110.

Last week, Airline stocks were the worst-performing area in the Industrial sector due to increased oil prices. On Wednesday, Delta Airlines (**DAL**) will kick off earnings season before the markets open on Wednesday, and the company's Q4 results as well as management's growth guidance going forward, will easily have an impact on this group.

Recently added Airline ETF (**JETS**) pulled back to its 50-day simple moving average where it found support. A close back above the $21 level which is the 10-day mav, would put this ETF into a buy zone.

However, any weakness in Delta's earnings coupled with an increase in the price of oil, could easily push this ETF below its 50-day simple moving average in which case, we would likely remove it from our Suggested Holdings List.

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



[Weakness In Banks Pushes Financials Lowers]()

The Financial Sector underperformed last week with every Industry Group down for the week. Bank stocks were hit especially hard with a pullback that has this group closing below its key 50-day simple moving average. With the RSI now in negative territory as well, the near-term momentum for this group is not positive.

Next Friday, several major Bank stocks will be reporting their first quarter results and the numbers, as well as management's guidance going forward, are expected to impact this group.

Comerica (**CMA**) pulled back to its 50-day simple moving average where it found support. With its RSI and MACD in positive territory, the stock can be held. The 5.4% yielder is due to report their earnings in less than a week and a half.

East West Bancorp (**EWBC**) also pulled back to its 50-day simple moving average, and the stock now has mixed momentum signals with the RSI dipping into negative territory on the daily chart. At this time, **EWBC** can be held.

Banks normally fare well during periods of economic growth such as now, as lending activity increases. However, the recent uptick in interest rates has investors concerned that demand for loans will suffer if we continue to see rates rise.

Also of concern, is the inverted yield curve as shorter-term interest rates have remained elevated. Bank stocks borrow funds using short-term rates to fund their loans.

At this time we would underweight Bank stocks until we see evidence that lending activity is picking up enough to override a recent increase in interest rates. Upcoming earnings reports should provide clarity.

Insurance stocks fared better with names such as Allstate (**ALL**) pulling back slightly for the week. The 1.8% yielder remains in an uptrend as it finds support above its upward-trending 10-day simple moving average. The stock is in a buy zone.

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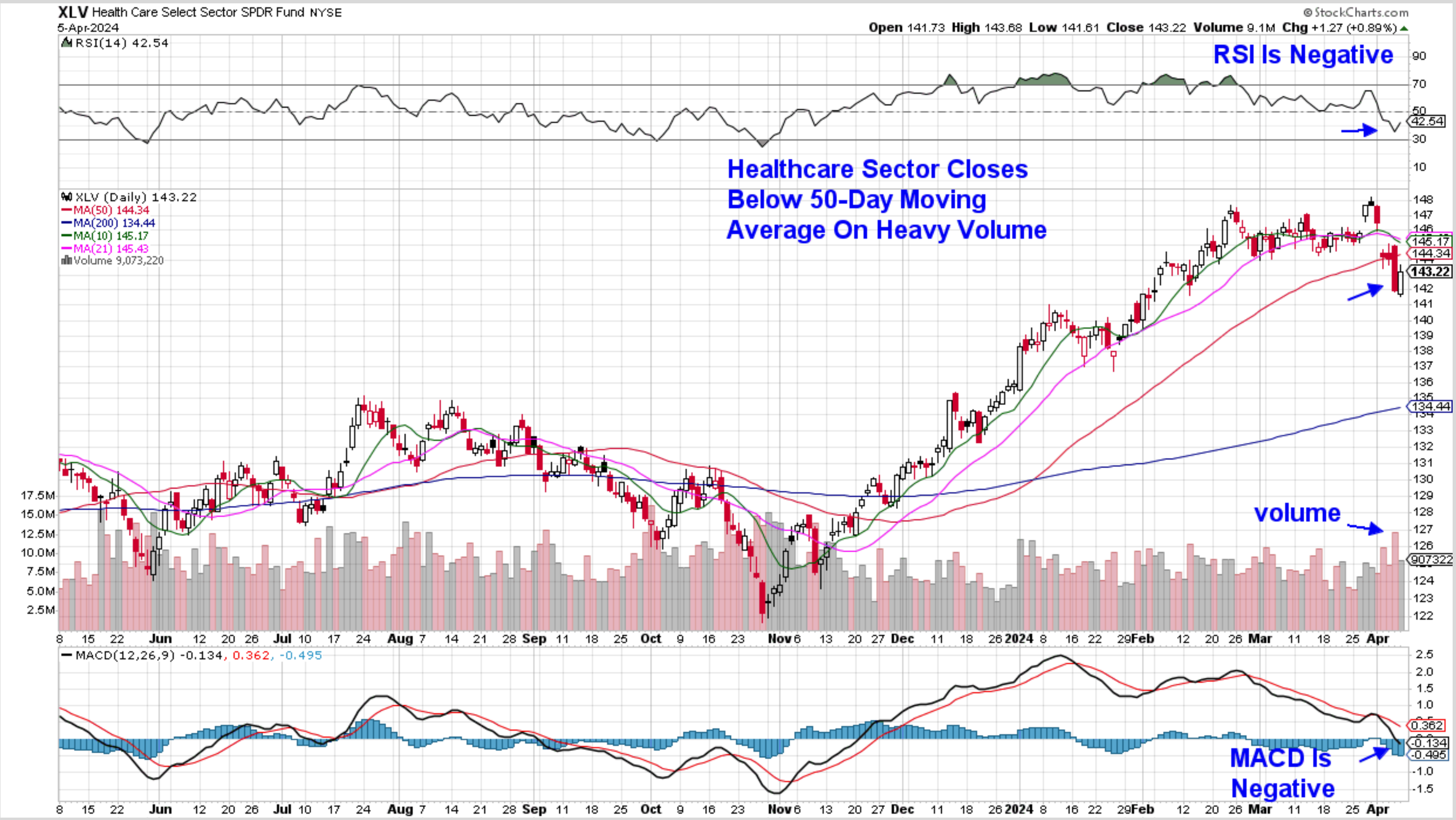
Daily Chart of the Health Care Sector (XLV)



[Healthcare Sector In A Downtrend]

The Healthcare sector was the worst performing last week led lower by Health Insurers that tumbled after the Biden Administration announced that Medicare Advantage rates will remain the same.

UnitedHealth (**UNH**) and Humana (**HUM**) were hit the hardest as investors had been on the lookout for a rate increase which in turn, would improve the profit margins for these companies.

Biotech stocks also pulled back sharply as an appetite for these riskier assets continues to recede. (using ETF IBB) In addition, faster-growing Medical Products stocks also came under selling pressure. (Using ETF IHI)

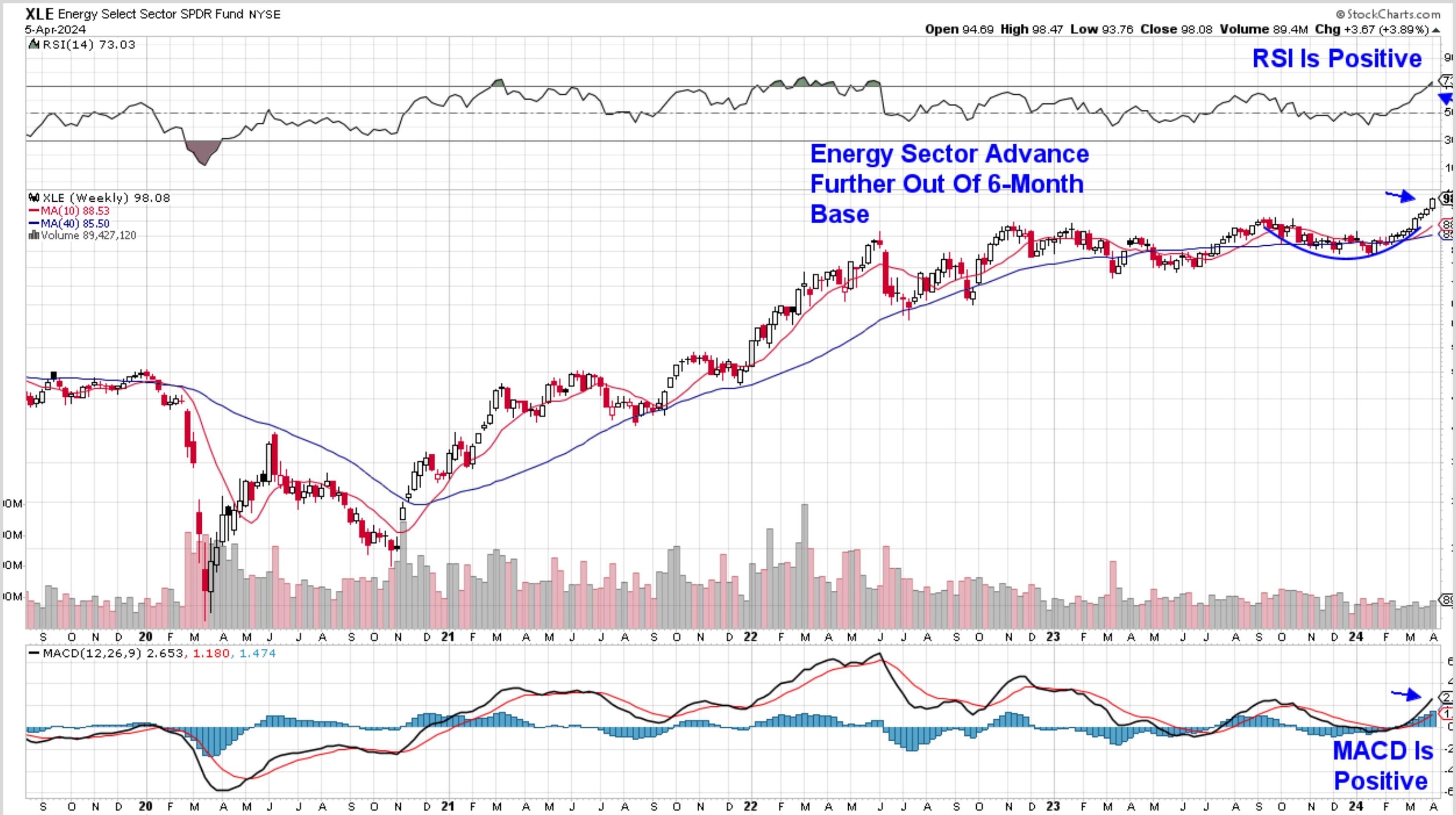
Medical Products Company Boston Scientific (**BSX**) was able to sidestep the selling taking place elsewhere. The stock broke out of a one-month base and is sitting above each of its shorter-term moving averages. **BSX's** relative outperformance took place amid price target upgrades from two major Wall Street firms last week. The stock is in a buy zone.

Large-cap Pharmaceutical stocks were mixed last week with Eli Lilly (**LLY**) outperforming the group with a 0.8% gain. **LLY** Is in a bullish position as it closed the week above each of its shorter-term moving averages with a positive RSI and MACD. **LLY** is in a buy zone and a positive MACD crossover would put the stock into a strong buy zone.

Merck (**MRK**) pulled back 3% last week amid news on Thursday that they have initiated Phase 3 trials of their treatment for lung cancer. **MRK** was added to our list last week after it broke out of a base following FDA approval for their hypertension drug.

The stock is continuing to digest the prior week's gap up in price, with its RSI and MACD remaining in positive territory during last week's pullback. We would need to see a close back above its 10-day simple moving average in the $129 range before adding to any position.

Daily Chart of the Energy Sector (XLE)



[Energy Sector Set Up For Continued Strength]

Energy stocks were the top performer last week due primarily to the increase in the price of oil with Brent crude now topping $90 per barrel. The elevated price of oil is for two reasons: 1) strong demand because the global economy is stronger than expected and 2) supply issues because of wars in Ukraine and the Middle East.

These supply/demand issues are expected to push the price of oil above $100 per barrel, as global growth is expected to continue and there is no end in sight for the geopolitical strife in place now.

Among oil stocks, Exploration and Production companies benefit the most directly from higher oil prices. This week, we are adding Occidental Petroleum (**OXY**) to our Suggested Holdings List after the E&P company posted a 7-month face breakout last week on above-average volume.

Last week's sharp advance in the stock has it extended above any buy point and we are on the lookout for a pullback to the $68 range closer to its 5-day simple moving average. On the longer-term weekly chart, the MACD just entered positive territory which bodes well for the longer-term outlook.

We are adding Haliburton (**HAL**) back 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.

As you may recall, we removed the stock 2 weeks ago while advising that longer-term investors could stay with it.

Last week, **HAL** moved closer to a 6-month base breakout at $44 with the MACD entering positive territory on the weekly chart which bodes well for the longer-term outlook for this stock. Halliburton can be bought at the $40.50 range at its 5-day simple moving average.

As the current advance is being driven by headline news, we will continue to monitor these stocks closely. **HAL** is due to report earnings in 2 weeks while **OXY** will release results next month and ideally, we would like to see strong fundamentals to support a continued uptrend in these names.

Summary

Last week's sharp pullback in response to Fed Governor Kashari's hawkish remarks on Thursday, is a reminder that investor sentiment remains susceptible to any hints that interest rate cuts will be pushed back further into year-end.

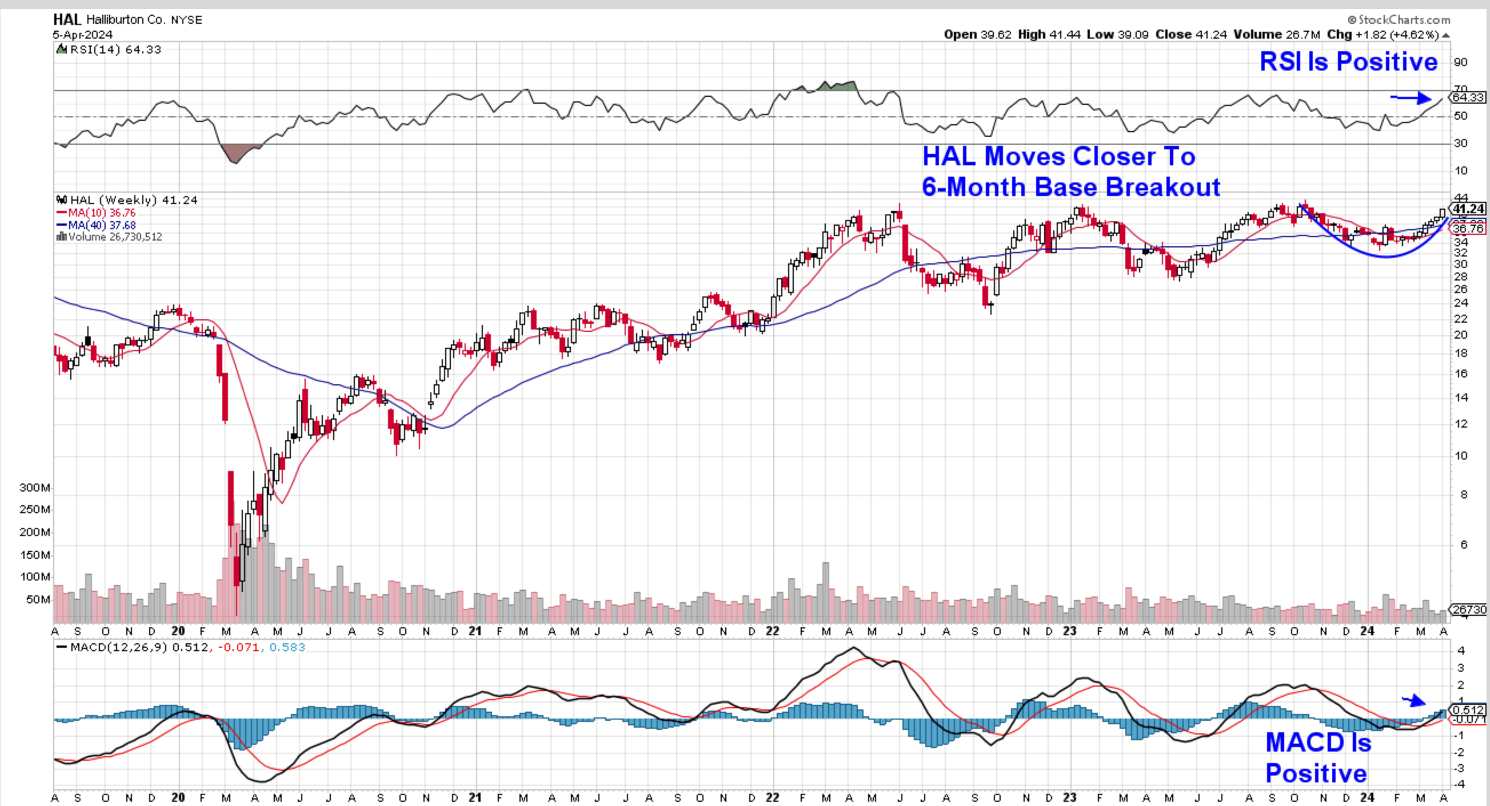
Next week's core Consumer Price and Producer Price Index data will certainly provide clues. CPI data is due out on Wednesday, and PPI data will be released on Friday. Any numbers that are lower than expected should provide a relief rally.

FOMC meeting notes that will be released on Wednesday will also be closely watched, as will comments from the 6 Federal Reserve officials who are speaking at various events.

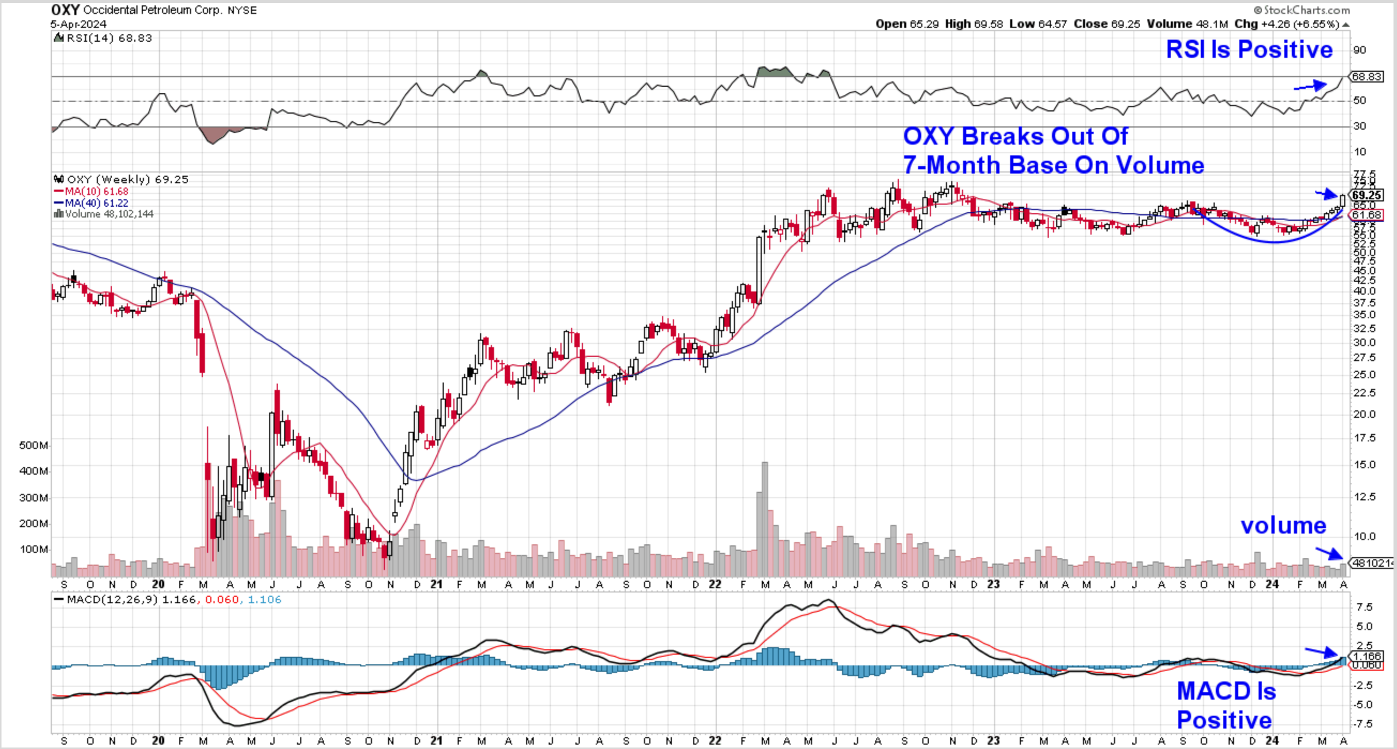
Overall however, precedence tells us that earnings reports will trump interest rate concerns, and next week we will see results from several large Money Center Banks as well as Delta Airlines. Things heat up when the Magnificent Seven names start reporting which begin on April 18th with Netflix (NFLX).

New Idea Charts:

Daily Chart of Halliburton Co. (HAL)



Daily Chart of Occidental Petroleum Corp. (OXY)



The MEMEdge
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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	33.0%	Retail - Internet
CCS	Century Communities	$92.80	3/24/2024	-5.0%	
CROX	Crocs, Inc	$124.80	3/3/2024	8.5%	
DECK	Deckers	$695.91	1/10/2024	25.0%	Retail Apparel Shoe
TOL	Toll Brothers	$111.30	2/25/2024	15.0%	
SHAK	Shake Shack	$73.70	1/28/2024	36.50%	Retail - Restaurant
TGT	Target Corp	$167.00	3/10/2024	3.00%	
XRT	S&P Retail ETF	$72.70	2/11/2024	3.00%	
ENERGY					
HAL	Halliburton	$41.24	4/7/2024		
OXY	Occidental Petroleum	$69.24	4/7/2024		
FINANCIAL					
ALL	Allstate	$173.01	3/31/2024	0.0%	
CMA	Comerica	$54.99	3/31/2024	-4.5%	
EWBC	East West Bancorp	$79.25	3/31/2024	-4.5%	
INDUSTRIAL					
ETN	Eaton Corp	$260.00	2/4/2024	22.0%	Diversified Operations
FTAI	FTAI Aviation	$58.00	3/17/2024	20.0%	
JETS	US Global Jets ETF	$20.50	3/31/2024	-4.0%	
LECO	Lincoln Electric	$258.04	3/24/2024	-4.0%	
STRL	Sterling Infrastructure	$112.03	3/24/2024	-4.0%	
HEALTHCARE					
BSX	Boston Scientific	$57.60	1/3/2024	17.5%	
LLY	Eli Lilly	$618.50	1/3/2024	27.0%	
MRK	Merck & Co.	$131.90	3/31/2024	-3.0%	
TECHNOLOGY					
ANET	Arista Networks	$306.42	3/24/2024	-2.5%	
AVGO	Broadcom	$944.30	12/10/2023	43.0%	Semiconductor
CRWD	Crowdstrike	$176.70	10/8/2023	64.0%	Software
CVLT	CommVault	$97.60	3/3/2024	2.5%	
LRCX	Lam Research	$865.00	2/11/2024	7.0%	Semiconductor
MSFT	Microsoft	$327.30	10/8/2023	28.5%	Software
NVDA	Nvidia	$450.00	11/5/2023	77.5%	Semiconductor
COMMUNICATION SERVICES					
META	Meta Platforms	$315.40	10/8/2023	60.0%	Internet-Content
NFLX	Netflix	$432.30	11/5/2023	48.0%	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.