



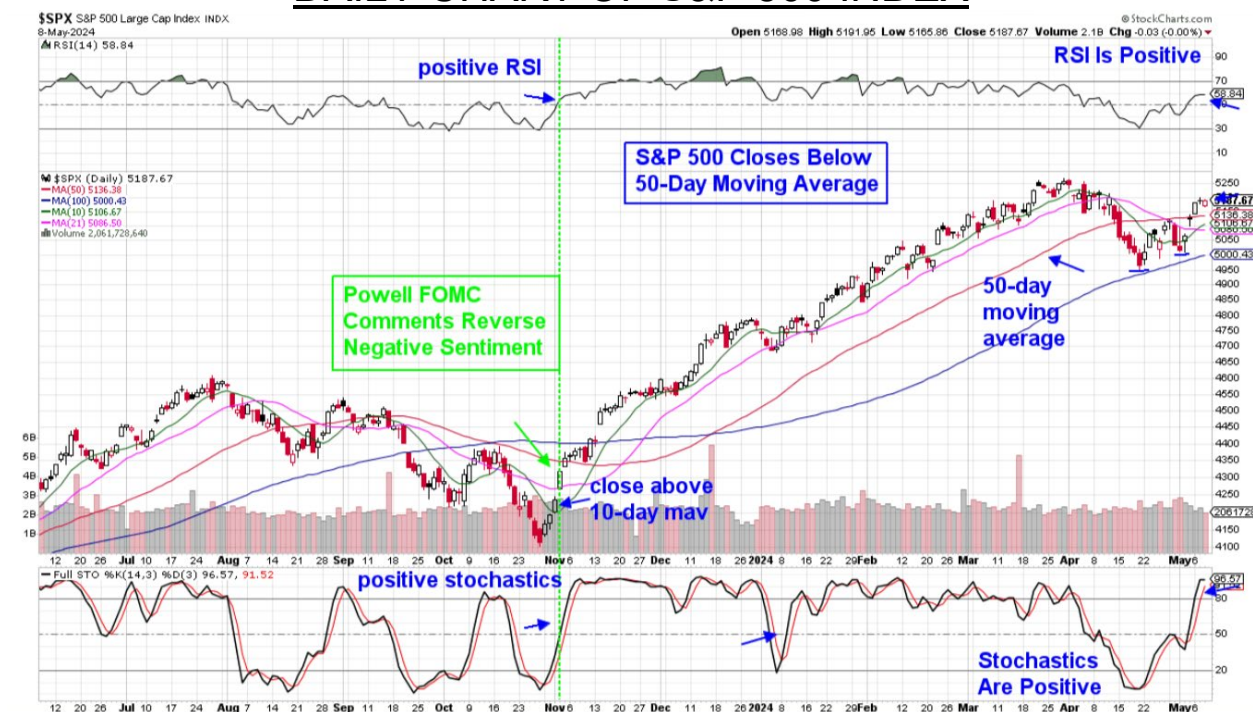
# THE MEM EDGE

Midweek Report

Wednesday May 8th, 2024

- Interest Rates Remain Elevated
- S&P 500 Closes Above 50-Day Moving Average
- Earnings Reports Continue To Drive Winners And Losers
- Core CPI And PPI Data For April Due Next Week
- Adding Eaton (ETN), Dell Technologies (DELL) And Southern Company (SO) To Suggested Holdings List

## DAILY CHART OF S&P 500 INDEX



The S&P 500 has gained 1.2% so far this week in a move that has this Index back above its key 50-day simple moving average. With the RSI and Stochastics in positive territory, we remain cautiously optimistic on the near-term prospects for this Index.



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As stated on Sunday, in order to turn fully bullish we would need to see the S&P 500 close above its 50-day simple moving average on volume coupled with a continued decline in interest rates.

The volume on this week's close above the 50-day simple moving average was below average, while interest rates are unchanged and remain relatively high. The yield on the 10-year Treasury ticked higher today following comments from Fed President Kashkari, that he would not rule out a rate increase.

The NASDAQ has gained 0.9% led by outperformance in most of the Magnificent Seven names. The move keeps this Index in a near-term uptrend as it's above its key 50-day simple moving average with a positive RSI and Stochastics.

Semiconductors started the week strong with a 2% rally on Monday that pushed this index back above its key 50-day simple moving average. The group has since pulled back in a move that keeps it in a downtrend. (using ETF SOXX)

We anticipate further weakness in Semis going into tomorrow after Arm Holdings (ARM) announced weaker than expected guidance for growth going after the close today.

Recently added Qualcomm (QCOM) what has added 0.5% and the stock remains in a buy zone after closing the day at its 5-day simple moving average. As stated on Sunday, we would keep any new positions small until we see the overall Semiconductor group turn positive



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Nvidia (NVDA) has fared better with a 1.8% gain that followed a rally on Monday after a price target upgrade from Wall Street. The stock remains in a buy zone as the MACD advances further into positive territory and the stock remains above its 5-day simple moving average with a positive RSI.

Today we're adding Dell Technologies (DELL) back to our Suggested Holdings List. As you may recall, Dell is a part of our long-term Buy and Hold list however, we removed the stock amid overall weakness in the markets 2 weeks ago.

The company has made various strides in taking advantage of the AI boom including its recent announcement of strengthening its collaboration with Nvidia in order to strengthen the global adoption of AI for Enterprises.

The stock posted a bullish MACD crossover and remains above its upward trending 5-day simple moving average as it advances closer to a \$136 base breakout. Again, we would keep new positions light until we see further confirmation that the new uptrend in the markets can be sustained.

This would be signaled by a lower yield on the 10-year Treasury coupled with a high volume rally in the broader markets.

Utility stocks continue to outperform the broader markets with names such as Duke Energy gaining 2% on above average volume.



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The company reported earnings and sales that were above estimates yesterday and a move that has analyst raising their estimates for this 4.1% yielder.

DUK can be bought on a pullback to its 5-day simple moving average at the \$101 range.

Today, we're adding Southern Company (SO) to our Suggested Holdings List after the Electric Power Utility company posted a 1-year base breakout on above average volume. As you may know, the longer the base prior to a breakout, the longer the possible upside out of that base.

SO Reported earnings that were above estimates last week due to electricity sales to data centers and other commercial customers. In addition, the company announced that their long-delayed nuclear reactor in Georgia has reopened and could, among other uses, serve data center demand.

The stock can be bought on a pullback to its 5-day simple moving average in the \$76 range.

Amazon (AMZN) remains in a confirmed uptrend with a 1% gain for the week so far. The stock is in a buy zone after today's pullback to its upward trending 10 day simple moving average.

The Healthcare sector is moving closer to potentially reversing its downtrend with this week's 1% rally moving it closer to closing above its key 50-day simple moving average.





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As suggested on Sunday a close above the 10-day simple moving average would put Merck (MRK) into a buy zone. This took place yesterday on a rally that followed analyst upgrades after last week's strong earnings report. MRK can be bought.

Boston Scientific (BSX) is also in a buy zone as it trades above its key shorter-term moving averages with a positive RSI and MACD.

Industrial stocks are outperforming the broader markets amid better than expected earnings reports among select Construction related stocks.

FTAI Aviation (FTAI) Is consolidating after last week's 11% gain. the stock remains above it's 5-day simple moving average and is in a confirmed uptrend. FTAI is in a buy zone.

Today, we're adding Eaton Corp back to our Suggested Holdings list as the stock moves closer to a base breakout at \$331.5. Last week, the company reported earnings that were ahead of estimates with analyst revising their earnings estimates for both this year and next higher.

The company provides electrical power and control equipment that's essential for global infrastructure projects as well as power management for data centers.

Google (GOOGL) is in a buy Zone after today's pullback to its upward trending 10-day simple moving average. The stock popped yesterday following news that the company has hired hundreds to their AI sales team and engineers.



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While the broader markets are in a confirmed uptrend, we remain on the lookout for interest rates to trend lower before suggesting that you add heavily to any new positions.

Next week, core inflation data for April will be released, with PPI numbers due on Tuesday followed by CPI data on Wednesday. Any hint that inflation is weakening would easily provide the needed boost to confirm the market's current uptrend.

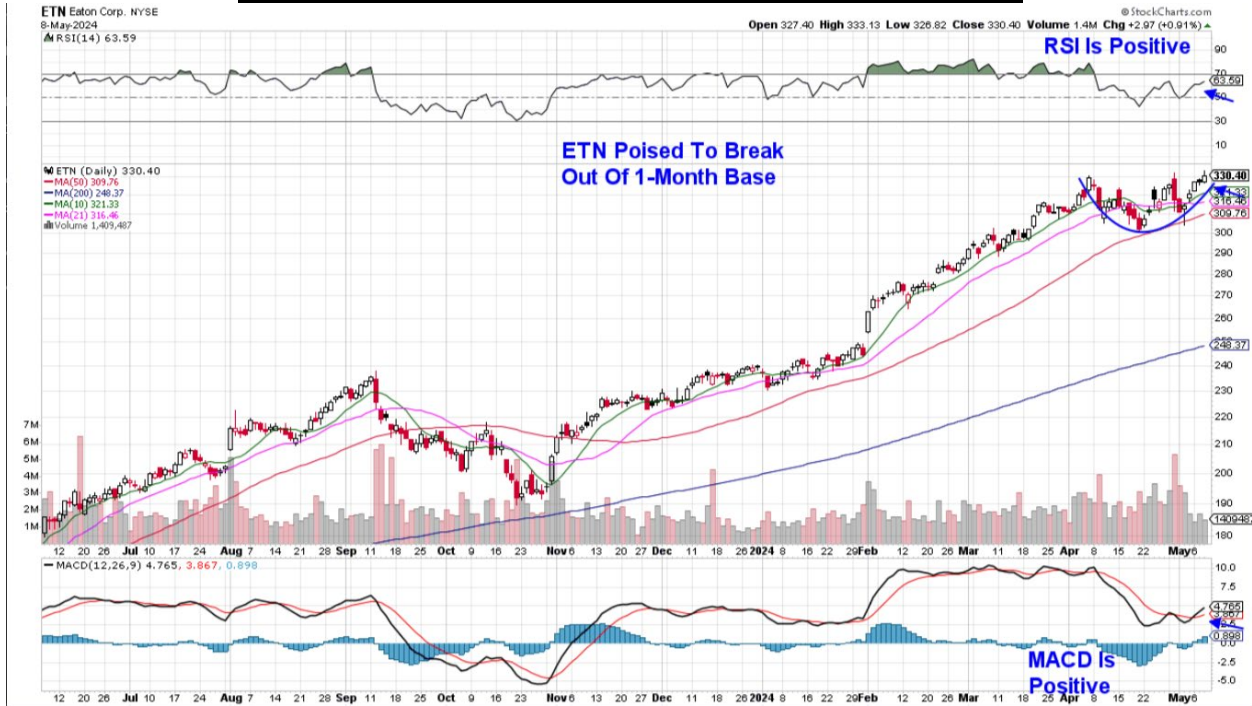
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Mary Ellen McGonagle  
Editor, MEM Edge Report



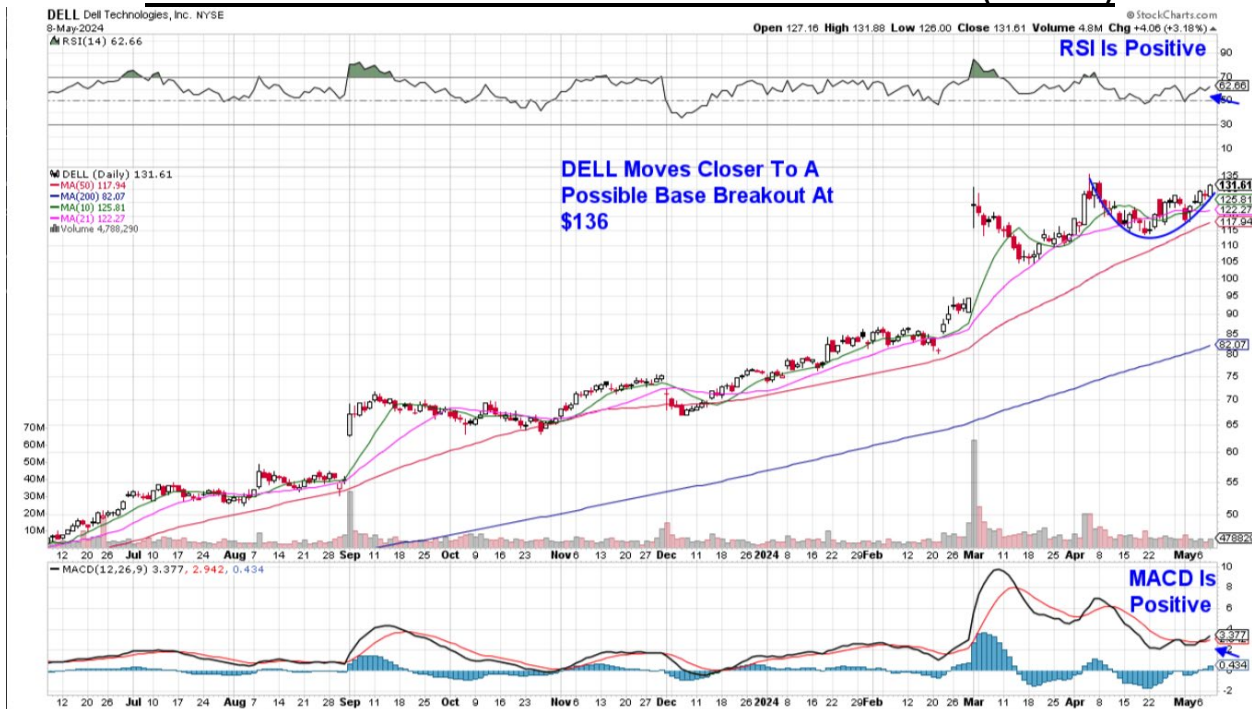
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## DAILY CHART OF EATON CORP. (ETN)



## DAILY CHART OF DELL TECHNOLOGIES (DELL)







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## WEEKLY CHART OF SOUTHERN COMPANY (SO)

