



THE MEM EDGE

June 9, 2024 | Weekly Report

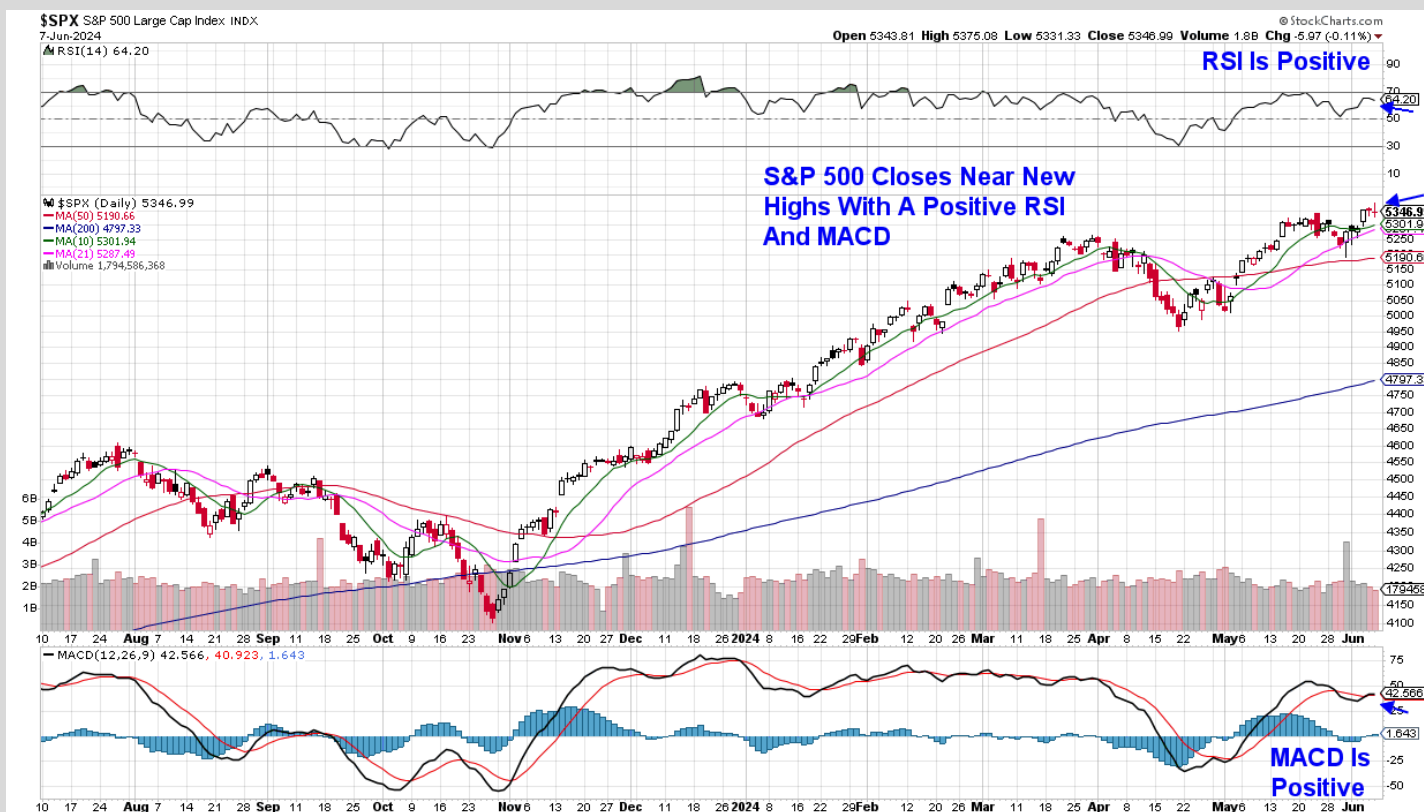
This Week's Highlights

- ISM Manufacturing Index And Construction Spending Fall
- New Corporate Jobs Have Lowest Increase This Year
- Hot Jobs Report With Higher Wages While Unemployment Edges Higher
- Yield On 10 Year Treasury Closes Down At 4.4%
- FOMC Rate Decision And Core CPI Data Due Wednesday and Core PPI Data On Thursday

Notable Developments

- Bank of Canada And European Central Bank Cut Rates By ¼ Point
- Big Tech Leads Rally As Equal-Weighted S&P 500 Is Down 0.7%
- Oracle (**ORCL**), Broadcom (**AVGO**) And Adobe (**ADBE**) Due To Report Earnings Next Week
- Nvidia (**NVDA**) Stock Split On Monday

Daily Chart of S&P 500



The S&P 500 closed at a new high after gaining 1.3% last week. With the RSI and MACD in positive territory, the near-term uptrend in this index remains in place.

The longer-term weekly and monthly charts for the S&P 500 remain constructive as well, with confirmed uptrends coupled with an RSI in positive territory, but below an overbought position.

Last week's gains took place amid news of an economic slowdown in the manufacturing and construction areas which alleviated some of the upward pressure on inflation. In turn, interest rates fell considerably earlier in the week.

On Friday however, interest rates spiked as employment data came in stronger than expected. The news underscores the resilience of the labor market and reduces the likelihood of the Federal Reserve cutting rates before September.

Overall however, interest rates ended the week lower and that's good news for the markets.

Next week, key inflation data will be released with core CPI data due on Wednesday which is the same day as the FOMC interest rate decision. On Thursday, core PPI data will be released.

We anticipate interest rate and market volatility to be heightened going into, and after, the release of these reports.

The NASDAQ fared even better with a 2.3% rally which puts this index at a new high as well. Outsized gains in several Magnificent Seven stocks boosted this Index as did a rally in Semiconductor and Software stocks.

The Technology sector was the top performer last week with other growth areas also outperforming such as select Biotech and Medical Products stocks. Both Vertex (**VRTX**) and Intuitive Surgical (**ISRG**) from our List were among the top 20 performers in the Nasdaq 100.

The percent of stocks in the NASDAQ 100 that are above their 50-day moving average jumped by almost 20%, as participation broadened to include these newer areas. The broader Nasdaq Composite - which has close to 3500 stocks - saw the percentage of stocks above their 50-day moving average decline to only 35%.

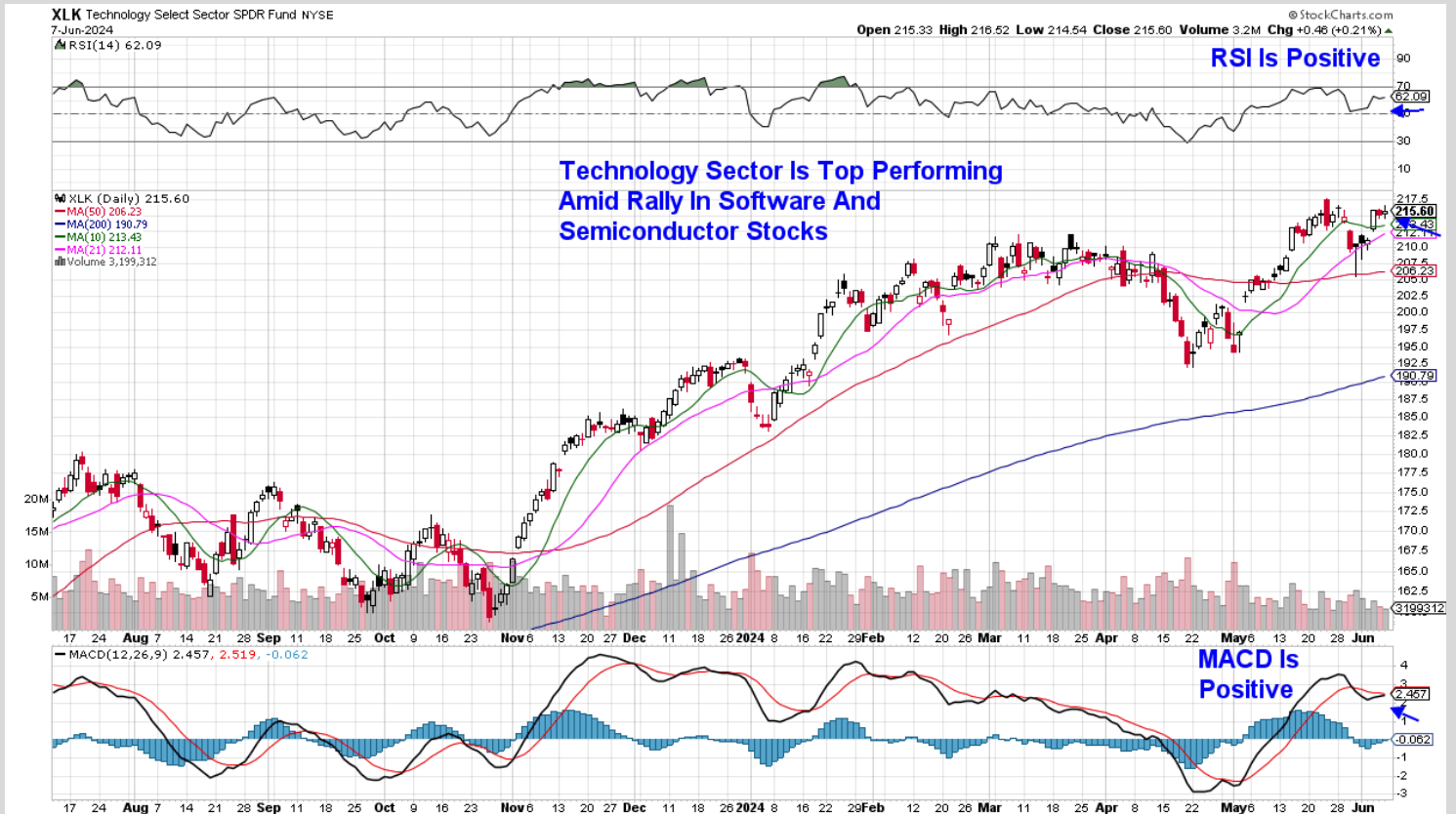
This divergence highlights investors' focus on larger-cap growth stocks which has helped the markets remain at new highs despite mixed signals surrounding interest rates and the possibility of a rate cut.

Outside of growth stocks other areas of the market struggled, as a lowered outlook for the manufacturing and construction markets pushed Industrial stocks down over 1% while lower oil prices pushed Energy stocks down almost 4%.

Utility stocks were the worst performing with a 3.8% decline led by AI-related utility stocks as investors re-evaluated the timeline of their growth prospects.

Overall, the markets are in an uptrend led by Large Cap Technology, Internet-related, and select Retail stocks, with Healthcare regaining its upside momentum this past week. Ideally, we would like to see a broadening out of the markets to include additional areas; however, the markets have been able to march to new highs with narrow leadership in the past.

Daily Chart of the Technology Sector (XLK)



Technology Sector Is Top Performer

According to BofA Global Research, Technology stocks saw their largest weekly inflows in 9 weeks, in a move that pushed this sector up 2.5% and to a new high in price.

Semiconductor stocks rallied 2.6% led by heavyweight name Nvidia (**NVDA**) which was up over 10% for the week. While **NVDA** has an overbought RSI, the stock is currently poised for further upside near term, as it finds support at its upward-trending 5-day moving average.

As cited in earlier reports, a negative MACD crossover on the daily chart for **NVDA** would be the initial signal to alert that the near-term upside momentum has shifted. At this time, the MACD is trending upward.

On Monday, Nvidia's stock price will be a fraction of its current price as the company is executing a 30 for 1 stock split. This lower price will make ownership of **NVDA** more accessible to a wider range of investors and is expected to push the stock higher.

Last week's gains in Nvidia followed their announcement of new AI chips due in 2025 that will feature new GPUs. **NVDA** is in a buy zone.

Broadcom (**AVGO**) from our Long Term Hold List outperformed as well, with a 6% rally ahead of the release of their earnings on Wednesday. The gain put the stock back into a buy zone, however, volatility surrounding earnings would have us not buying the stock unless you had risk measures in place.

Qualcomm (**QCOM**) trended mostly sideways for the week with a 1% gain that keeps the stock above its 5 and 10-day simple moving averages. On the Daily chart, the MACD has posted a negative crossover which simply means that its sharp uptrend in May has shifted to a period of consolidation.

We are monitoring the hourly chart for signs that **QCOM's** near-term momentum has shifted back to the upside and we're using the early May period as a guide. We will alert you to this occurrence and until then, the stock can be held.

Recently added Analog Devices (**ADI**) closed above its 5-day moving average which is trending upward. The stock remains in an uptrend after posting a pullback on Friday which was in line with the overall Semiconductor group (using SOXX).

ADI is in a buy zone with the longer-term, monthly chart of **ADI** pointing to further upside. We would add to positions lightly until we see a 3-week base breakout at the \$240 level.

Longer-term hold stock Broadcom (**AVGO**) regained its uptrend after closing above its shorter-term 10 and 21-day moving averages. We are on the lookout for a base breakout at \$1450 before adding it back to the Suggested Holdings List.

Recently added **ASML** is in a strong buy zone following Wednesday's gap up in price in response to news that they are anticipating orders from **TSM** Semiconductor, who is the world's biggest maker of advanced chips.

Using the late January period as a guide, **ASML** is poised to continue upward as the 5-day simple

moving average moves closer to its current price and acts as support. The stock is in a buy zone.

Last week's gains in the Tech sector were in sharp contrast to the prior week after the sector lost 2.4% amid losses in Software stocks amid reduced demand for non-AI related services.

CrowdStrike (**CRWD**) from our Long Term Hold list was a part of that selloff as it closed below its 50-day moving average with a negative RSI. As cited in last week's report, the longer-term weekly chart remained constructive ahead of the release of the company's earnings and the stock can be held.

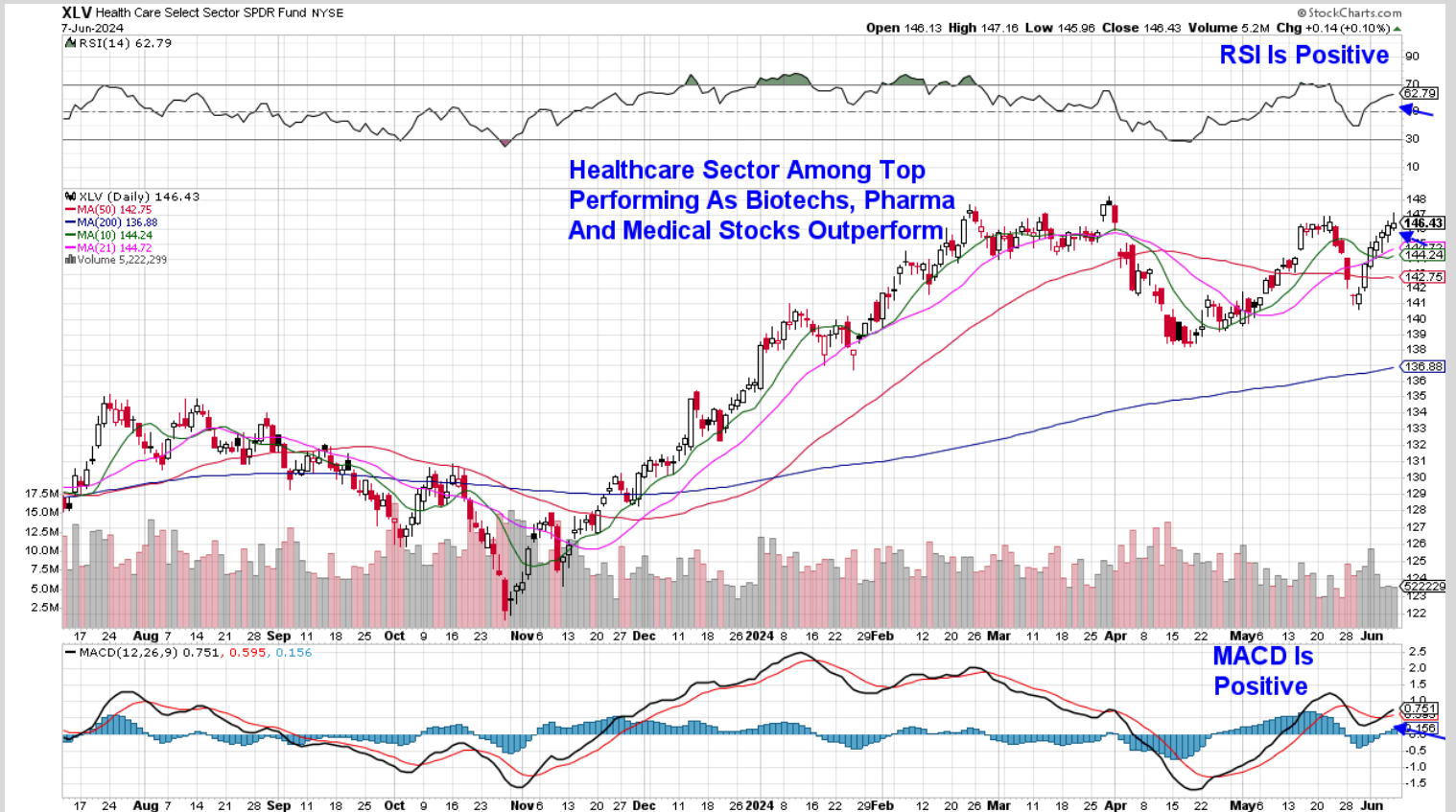
CRWD reported excellent results last week which pushed the stock back into an uptrend. While current owners can stay with the stock, we are awaiting a bullish move for the software group (using IGV) before adding it back to our Suggested Holdings List.

Dell Technologies (**DELL**) suffered further losses last week as their disappointing earnings and growth outlook continued to weigh on investor sentiment.

We are using the early March period of this year as guidance when the stock pulled back after earnings. At that time the RSI remained in positive territory and **DELL** recovered and proceeded to new highs.

At this time, **DELL's** RSI remains in negative territory which is not healthy. While the longer-term weekly chart remains constructive and longer-term investors can remain with the stock, we are removing it from our Suggested Holdings List.

Daily Chart of the Health Care Sector (XLV)



Healthcare Sector Remains In New Uptrend

The Healthcare sector advanced further above its 50-day moving average amid gains in Biotech and Pharmaceutical stocks such as those on our Suggested Holdings List.

Among Biotech, Vertex Pharmaceuticals (**VRTX**) rallied 6% in response to management's positive outlook regarding the growth prospects for their non-addictive pain medicine as well as other products. The company presented at a major Wall Street conference last week.

We are using the January period as guidance and currently, **VRTX** has a similarly overbought RSI condition. However, the stock continued higher until there was a negative MACD crossover in late January which preceded a negative RSI.

At this time, **VRTX** is in a buy zone as it is poised to trade higher.

Intuitive Surgical (**ISRG**) remains in a strong buy zone after Wednesday's close above the \$410 level which we had highlighted. The stock rallied following FDA clearance of revised labeling on their DaVinci robotic surgical system to a more favorable stance.

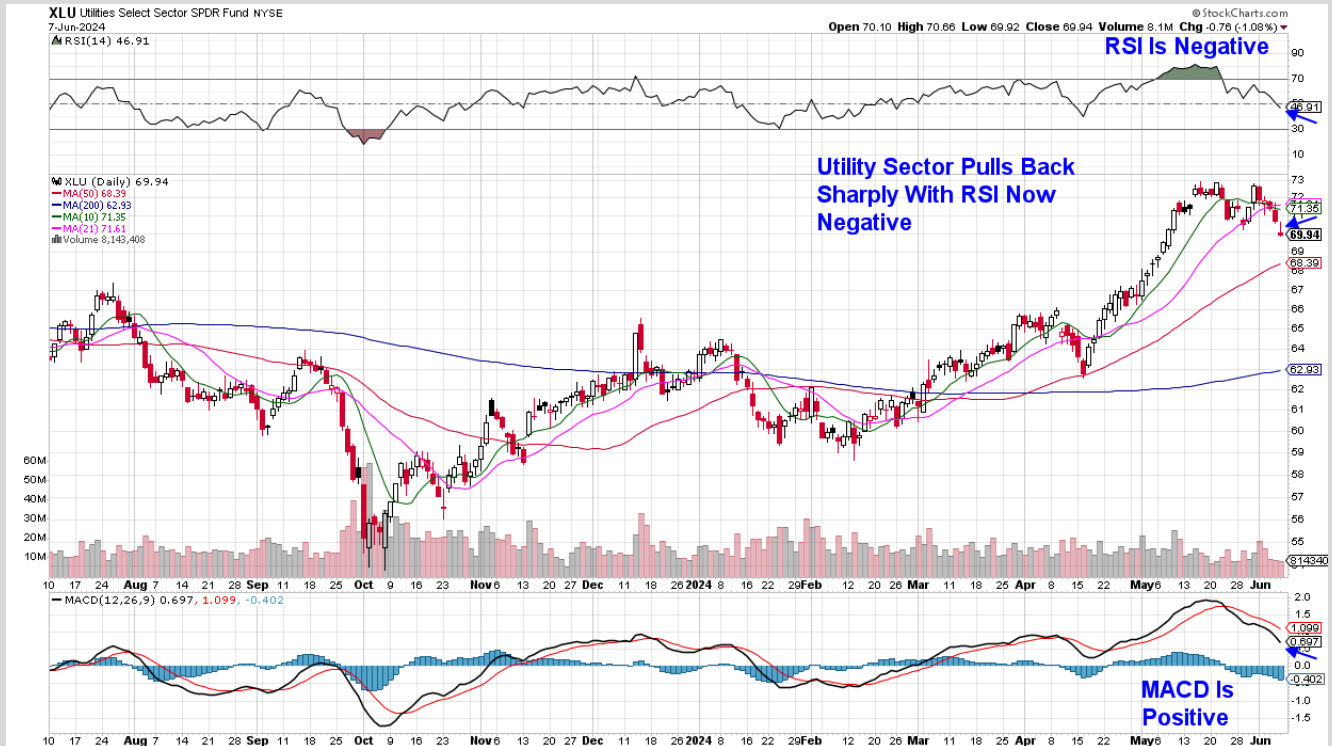
Eli Lilly (**LLY**) also outperformed the sector with a 3.6% gain that came on the heels of news on Thursday that the FDA raised no major concerns regarding their experimental Alzheimer's drug. On Monday, an outside panel will review the FDA's view and analysts expect that the drug will be approved.

LLY remains in a buy zone as it finds support at its upward-trending 5-day moving average.

Boston Scientific (**BSX**) remains in an uptrend as demand for their medical products relating to surgeries has analysts raising their estimates as the company continues to expand their market share globally. The stock is in a buy zone after closing the week in a bullish position above its upward-trending 5-day moving average.



Daily Chart of the Utilities Sector (XLU)



Utility Sector Is Worst Performing

Utility stocks pulled back over 3.5% in a move that has pushed the RSI into negative territory on the daily chart. Among the worst-performing were electricity stocks which had been on the move higher amid AI-related excitement regarding their growth prospects.

Among stocks on our list Duke (**DUK**) which provides both electricity and natural gas to their customers, outperformed with a 1% loss that has the stock closing below its 21-day moving average however, the RSI and MACD remain in positive territory.

DUK recovered from a similar pullback 2 weeks ago however, we would not be a buyer at this time given weakness elsewhere in the group. **DUK** can be held.

Southern Co. (**SO**) experienced a similar pullback which is also in line with a decline 2 weeks ago

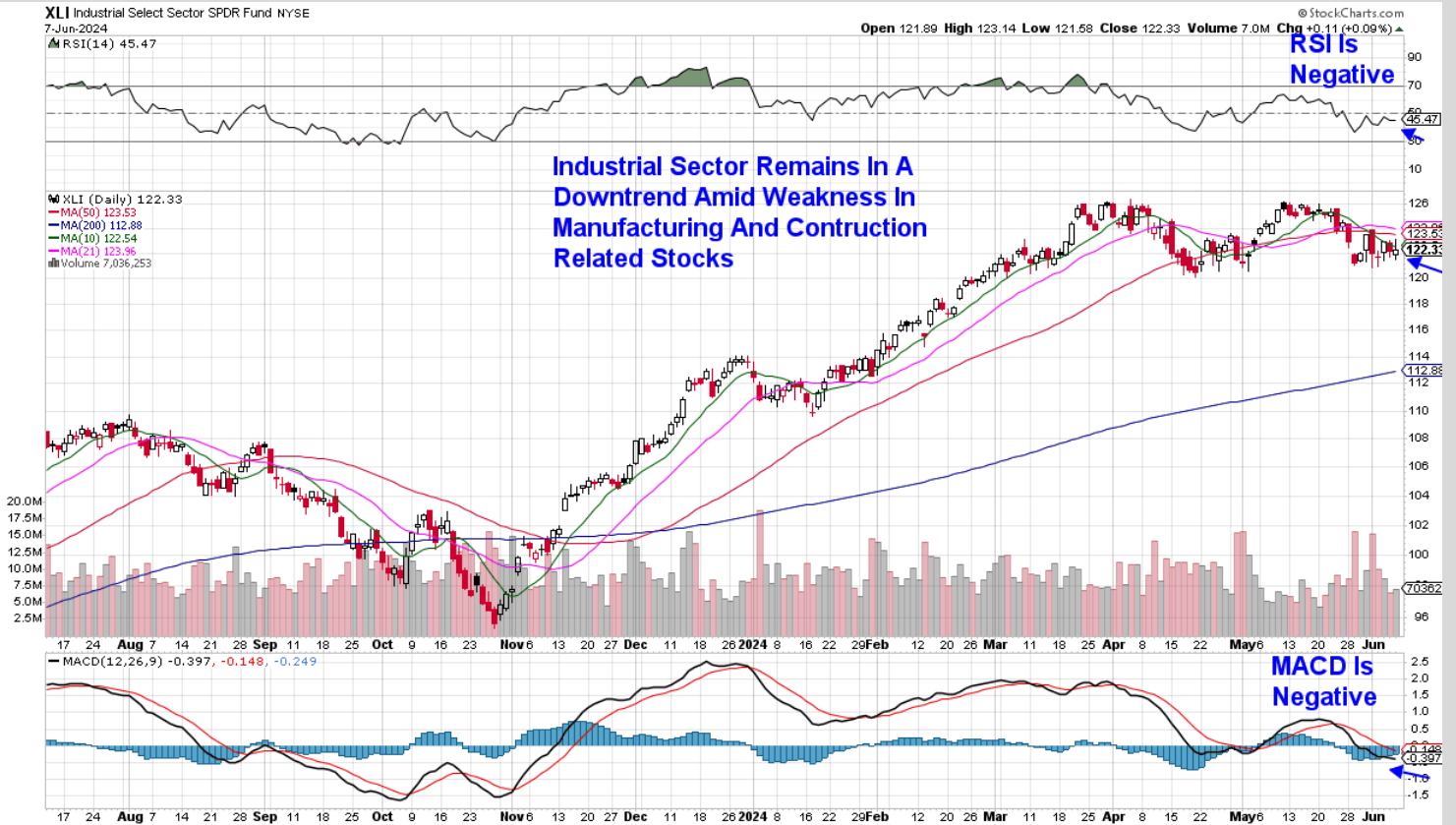
however, the RSI is closer to a possible negative crossover.

Recently added **AES** was hit harder than the group with an 8% pullback that pushed the RSI into negative territory. While the weekly chart remains constructive, given the extent of the stock's decline coupled with its negative RSI, we are removing **AES** from our Suggested Holdings List.

Last week's 3.8% pullback in Utility stocks was concerning; however, the biggest decliners among Electric utilities were those that had outsized year-to-date gains. Given the lack of any news, last week's selloff may be profit-taking.

Regardless of the reason, further weakness in this sector will put the MACD closer to a possible negative crossover on the weekly chart. (using XLU) This would be a negative for the sector and we will continue to monitor.

Daily Chart of the Industrial Sector (XLI)



Industrial Sector Remains In A Downtrend

Economic data last week showed a slowdown in manufacturing and construction spending which pushed Manufacturing and Building Materials stocks sharply lower.

Electric infrastructure companies also came under selling pressure with Eaton Corporation (**ETN**) losing 4.5% for the week. The loss pushed the stock below its key 50-day simple moving average with both the RSI and MACD now in negative territory.

We are removing **ETN** from our Suggested Holdings List. Long-term investors can remain with the stock as the weekly chart remains constructive.

Quanta Services (**PWR**) posted a 2.5% loss that has the stock finding support at its 50-day simple moving average with both its RSI and MACD in positive territory.

At this time, **PWR** can be held however we would not be a buyer until the stock closed back above its 10-day simple moving average in the \$275 range.

A close below its 50-day simple moving average in the \$263 range, coupled with a negative RSI, would have us removing the stock from our Suggested Holdings List.

Fluor (**FLR**) added to its prior week's 2-month base breakout on heavy volume amid an upgraded growth outlook due to their expertise of the build-out of data centers in the US and globally. Among their clients, **FLR** is currently working with Microsoft in India to expand their data centers.

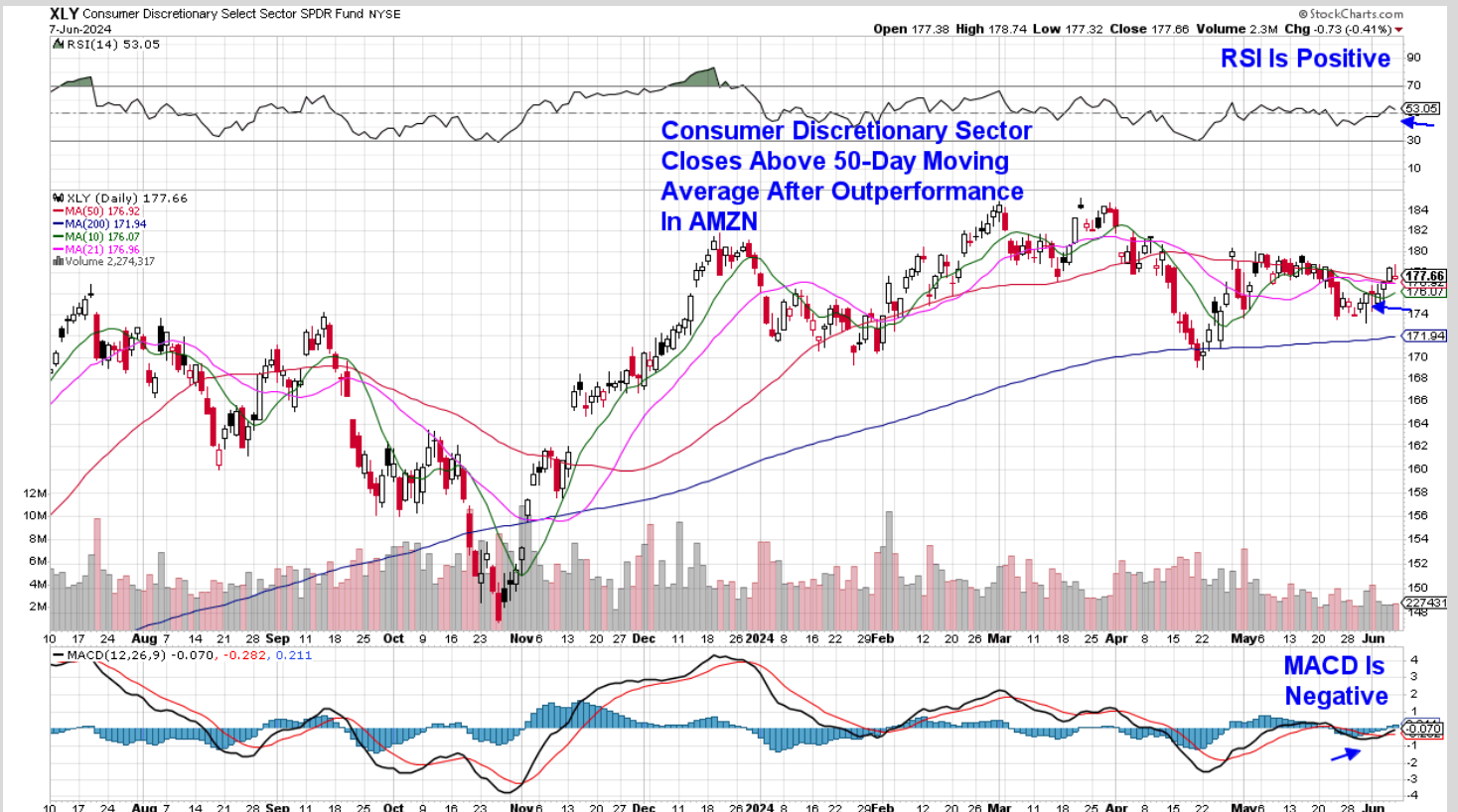
The company also provides project management services for the U.S. military where they are also seeing growth. **FLR** broke out of a 2-month base on volume last week and the stock remains in a confirmed uptrend as it continues to find support at its upward-trending 5-day simple moving average. **FLR** is in a buy zone.

FTAI Aviation (**FTAI**) pulled back 2.8% last week as the stock consolidated following its 20% advance last month. Overall however, the stock remains in a confirmed uptrend after closing above its 10-day simple moving average with its RSI and MACD in positive territory.

FTAI remains in a confirmed uptrend however, its momentum indicators point to further consolidation over the near term. A close back above the \$85 level would put the stock back into a buy zone.



Daily Chart of the Consumer Discretionary Sector (XLY)



Consumer Discretionary Sector Gets Boost From AMZN

The Consumer Discretionary sector inched back above its 50-day moving average following a 4.5% gain in heavyweight stock Amazon (**AMZN**). That said, **AMZN's** gains took place on the heels of 2 major Wall Street upgrades that were due to the growth prospects of their generative AI within their Amazon Web Services division.

The gain put **AMZN** back above its 50-day moving average which puts the stock back into an uptrend as the RSI turned positive as well. While this puts the stock into a buy zone, a positive MACD crossover would put it into a strong buy zone.

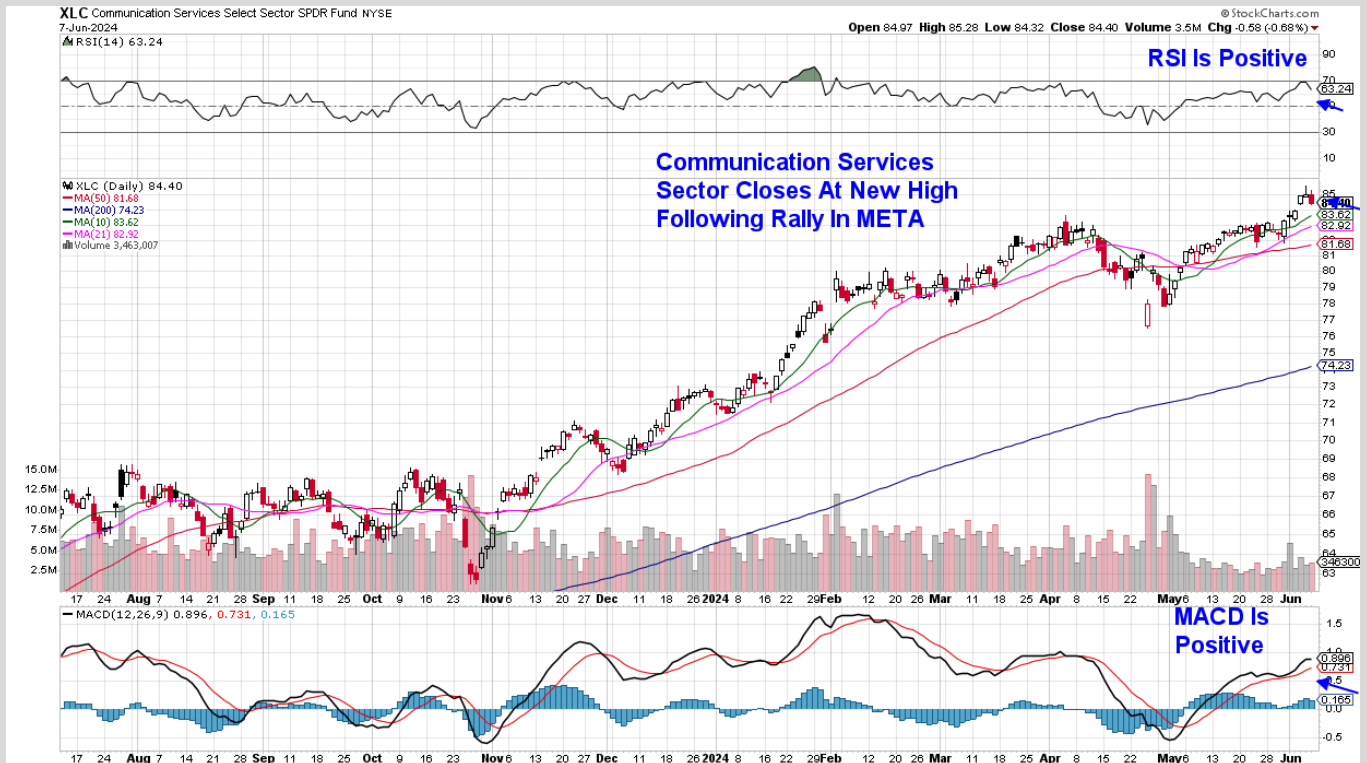
Areas elsewhere in this sector struggled last week, with Home Builders down 3.3% (using XHB) while Retailers lost 2% (using XRT)

Footwear manufacturer Deckers (**DECK**) pulled back 3.7% last week on low-volume selling that helped push the RSI out of an overbought position on the daily chart. A close back above the 10-day moving average at \$1971 would put the stock into a buy zone.

However, further selling would push the MACD into a negative crossover and signal further consolidation. At this time **DECK** can be held until further price action provides signals regarding its next move.

This week we are adding restaurant stock Chipotle (**CMG**) to our Suggested Holdings List after the stock closed back above its 50-day moving average with the RSI and MACD in positive territory. The stock is in a strong buy zone.

Daily Chart of the Communication Services Sector (XLC)



Communication Services Sector Closes At New High

Meta Platforms (**META**) posted a 5.8% gain which gave this sector quite a boost. The rally also pushed **META** back into an uptrend and we are adding the stock back to our Suggested Holdings List.

META posted its downtrend reversal on Wednesday following a price target upgrade to \$550 which is roughly 15% upside from here. The Wall Street analyst cited the company's quick moves to capitalize on AI while also continuing to build out the infrastructure needed to succeed. **META's** relatively cheap valuation was also mentioned.

META is in a buy zone however, we are on the lookout for further confirmation of its downtrend reversal which would be signaled by a further advance above its 50-day moving average. New positions can be added to as this occurs.

We are also adding internet image-sharing company Pinterest (**PINS**) following last week's 3-week base breakout on volume. The company has 518 million active users monthly and the company is partnering with a commerce platform for retailers to help improve growth.

PINS can be bought on a pullback to the \$42.5 range which is just below its breakout level.

Alphabet (**GOOGL**) underperformed with a 1.3% gain that keeps the near-term uptrend intact however, the downward-sloping MACD points to a lack of upside momentum. **GOOGL** is in a buy zone however as it finds support at its upward trending shorter term moving averages with a positive RSI and MACD.

Summary

Last week's pullback in interest rates was a welcome relief for Growth stocks which outperformed the broader markets. While weak economic data helped lower rates, it pushed economically sensitive areas lower such as Industrials and Financials.

With earnings season all but over, investors will be even more focused on economic and interest rate data to guide their outlook. Next week, the Federal Reserve's FOMC meeting will take place and Powell's post-meeting comments on Wednesday will be closely watched for hints regarding possible rate cuts.

Key inflation data on Wednesday and Thursday will also drive the markets and ideally, we are on the →

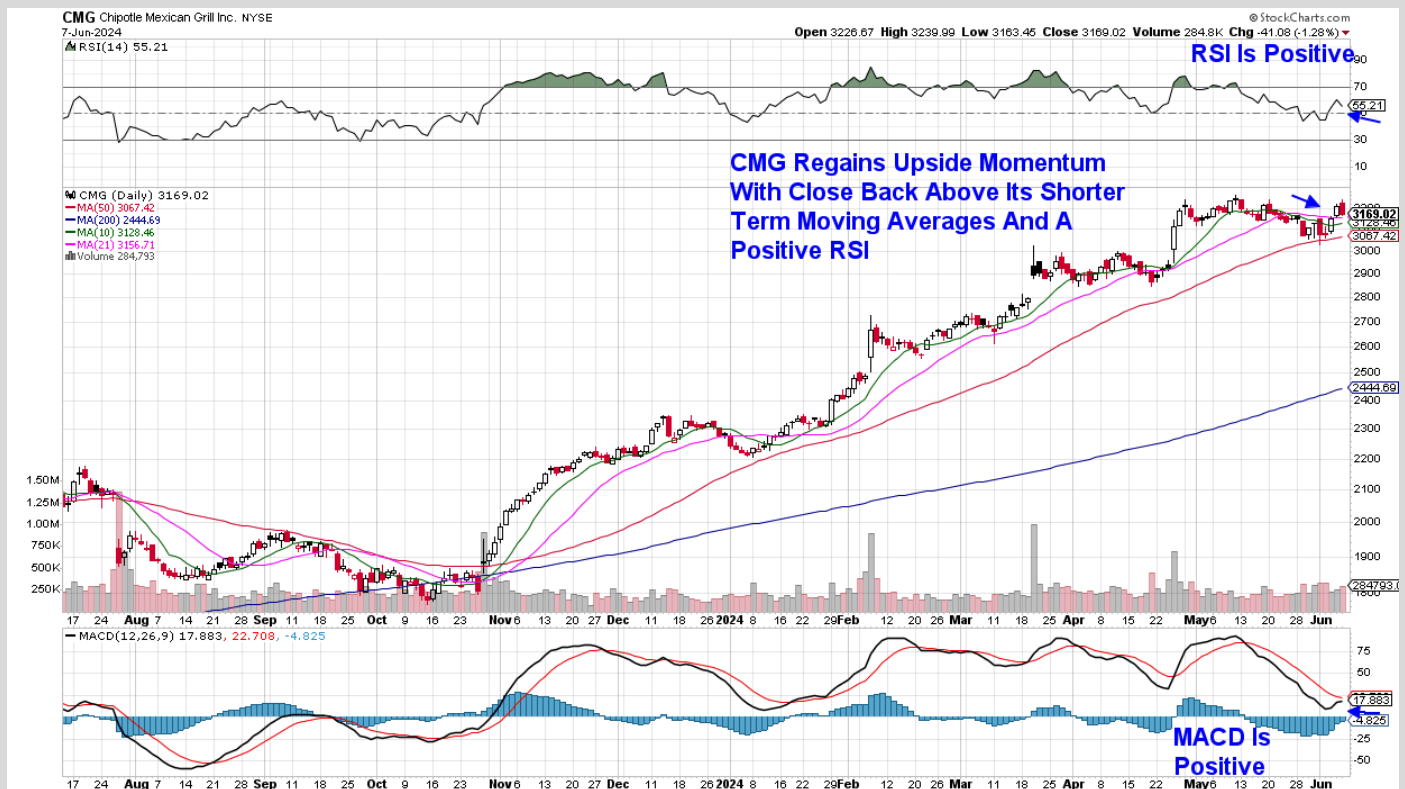
lookout for a continued drop in the consumer price index (CPI) after May's report pushed the markets to new highs after showing that inflation was easing.

While last month's producer price index (PPI) came in higher than expected, a revision lower for the previous month lifted the Nasdaq to a new high in May.

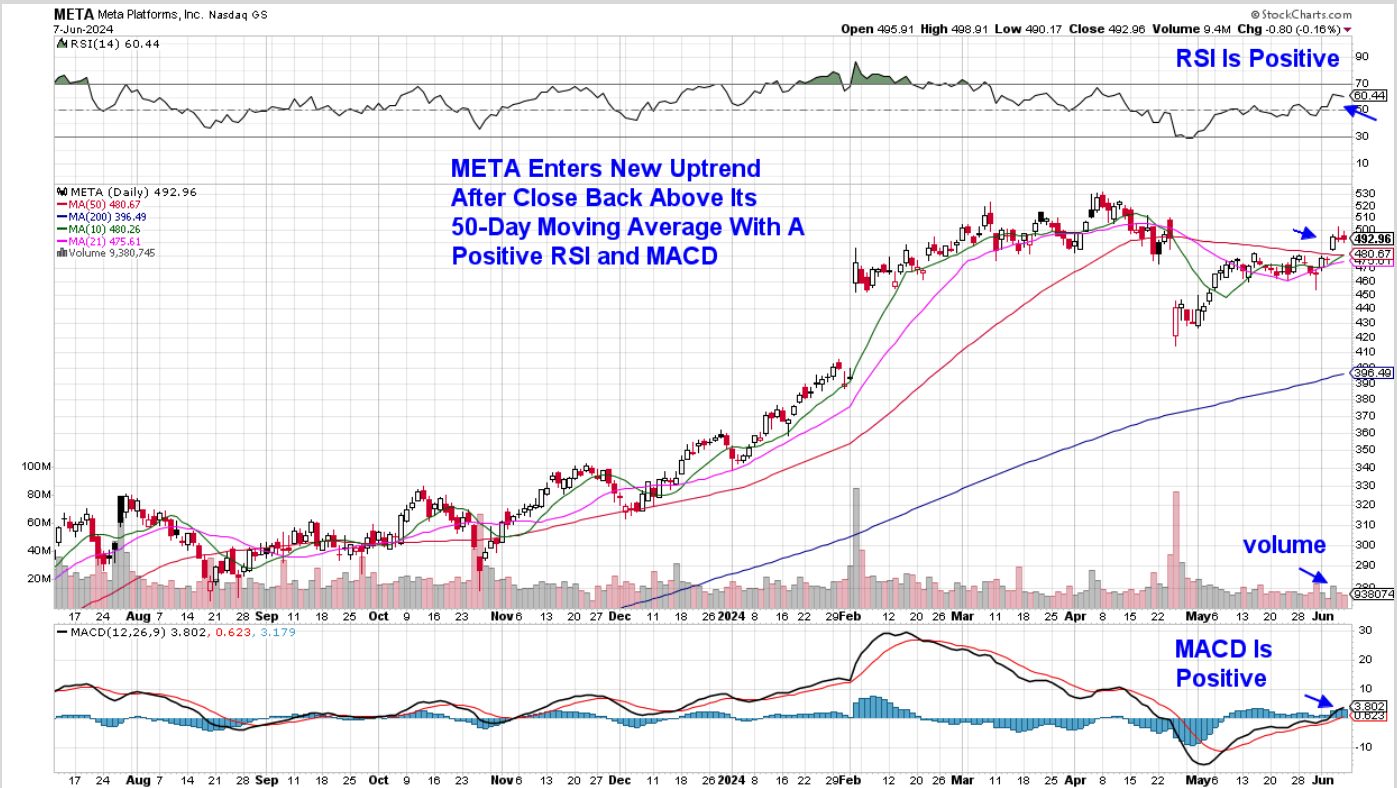
As noted, the markets remain in a confirmed uptrend that is being supported by large-cap Growth stocks. We will continue to favor stocks in this area for as long as these conditions remain.

New Idea Charts:

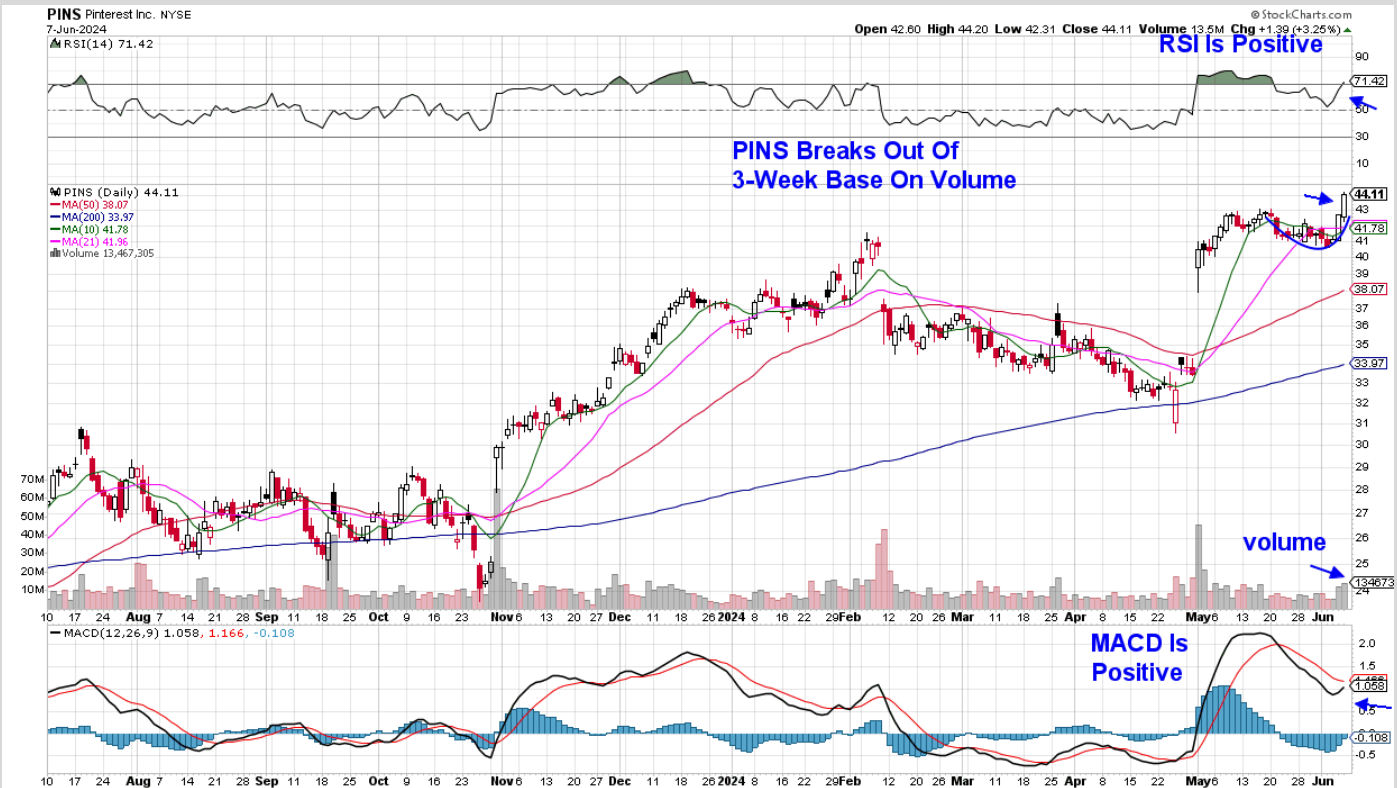
Daily Chart of Chipotle Mexican Grill Inc. (CMG)



Daily Chart of Meta Platforms, Inc. (META)



Daily Chart of Pinterest Inc. (PINS)



MEM Edge Report Suggested Holdings

Stocks With Emerging Leadership Characteristics

\$ = Earnings Due	Buy Zone	Strong Buy	Buy on Pullback	Removed From List
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SYMB	COMPANY	PRICE	DATE ADDED	PERFORMANCE	EARNINGS DUE
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CONSUMER DISCRETIONARY					
AMZN	Amazon	\$186.20	5/5/2024	0.0%	1-Aug
CMG	Chipotle	\$3,169.00	6/9/2024		24-Jul
DECK	Deckers Outdoor	\$1,033.30	5/27/2024	2.0%	25-Jul

UTILITY					
AES	AES Corp.	\$21.60	6/2/2024	-8.0%	
DUK	Duke Energy	\$99.30	5/1/2024	5.0%	6-Aug
SO	Southern Company	\$77.60	5/8/2024	0.0%	8-Aug

INDUSTRIAL					
ETN	Eaton Corp. PLC	\$330.40	5/8/2024	-4.0%	30-Jul
FLR	Fluor Corp.	\$43.40	6/2/2024	2.0%	
FTAI	FTAI Aviation	\$58.00	3/17/2024	40.0%	24-Jul
PWR	Quanta Services	\$271.50	5/12/2024	0.0%	1-Aug

HEALTHCARE					
BSX	Boston Scientific	\$57.60	1/3/2024	32.5%	24-Jul
ISRG	Intuitive Surgical	\$598.80	5/19/2024	5.0%	18-Jul
LLY	Eli Lilly	\$820.30	6/2/2024	4.0%	
VRTX	Vertex Pharmaceuticals	\$414.80	5/12/2024	13.0%	1-Aug

TECHNOLOGY					
ADI	Analog Devices		6/2/2024	0.0%	
ASML	ASML		6/4/2024	-1.0%	
DELL	Dell Technologies	\$131.60	5/8/2024	0.50%	30-May
NVDA	Nvidia	\$887.90	5/5/2024	33.0%	21-Aug
QCOM	Qualcomm	\$179.60	5/5/2024	15.0%	1-Aug

COMMUNICATION SERVICES					
GOOGL	Alphabet Inc.	\$156.61	4/10/2024	11.0%	23-Jul
META	Meta Platforms Inc.	\$492.90	6/9/2024		25-Jul
PINS	Pinterest	\$42.50	6/9/2024		

Longer Term Hold Candidates That Were Removed From Suggested Holdings List

SYMB	COMPANY NAME	CURRENT STATUS
AVGO	Broadcom	Earnings Due
CRWD	CrowdStrike	Hold
DELL	Dell Technologies	Hold
ETN	Eaton Corp. PLC	Hold
LRCX	Lam Research	Hold
MSFT	Microsoft	Hold
NVDA	Nvidia	
TOL	Toll Brothers	Hold

These stocks were removed due to short term downtrends after breaks below key support. However, their longer term weekly charts remain constructive and these stocks can be held.

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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