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Midweek Report

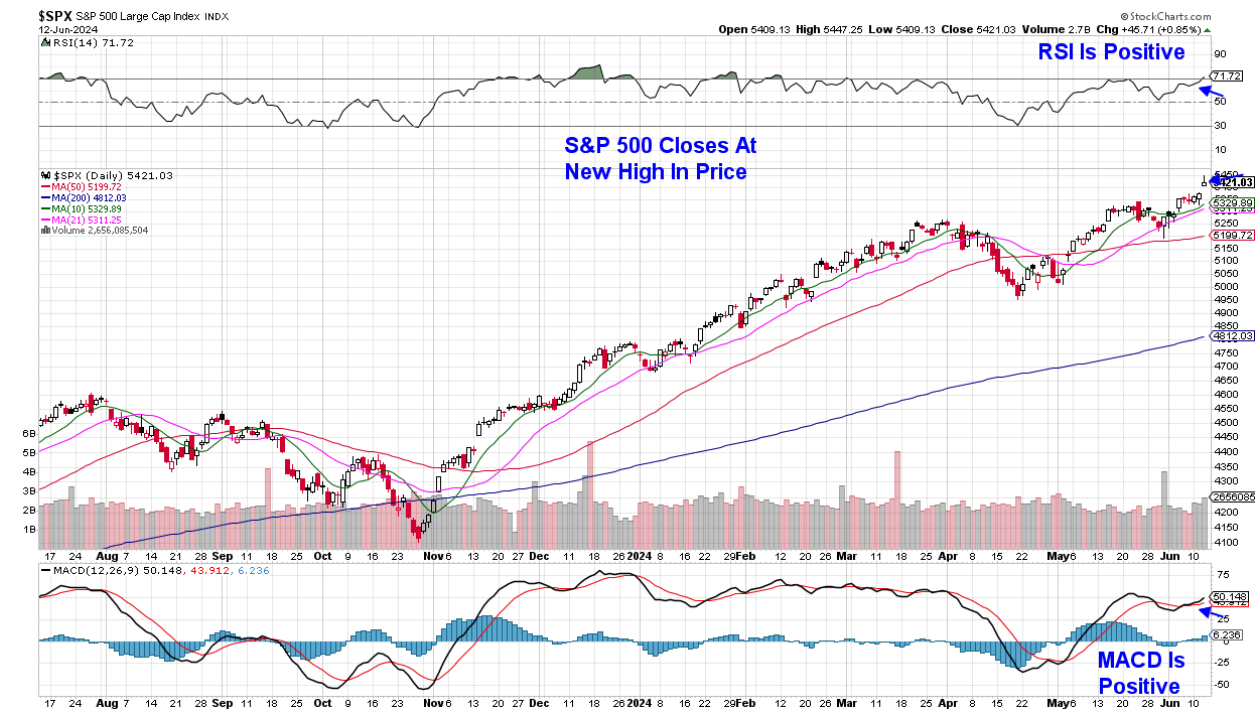
Wednesday, June 12, 2024

- Consumer Price Index Down Month Over Month
- Core CPI - Ex Energy And Food - Posts Smallest Gain In 7 Months
- Fed Holds Rates Steady; Projects Only 1 Rate Cut This Year
- Producer Price Index (PPI) Data Due Thursday Before Markets Open
- Adding Broadcom (**AVGO**) And CrowdStrike (**CRWD**) Back To Suggested Holdings List

Notable Developments

- Yield On 10-Year Treasury Falls To 4.28%
- Technology Sector Jumps 5% Led By Apple's Sharp Gains
- Software Group Regains Its Uptrend (using IGV)

DAILY CHART OF THE S&P 500 INDEX





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The S&P 500 gained 1.4% for the week in a move that puts this index at a new high in price. with the RSI and MACD in positive territory, the near-term uptrend for this index remains in place.

The NASDAQ fared quite a bit better with a 2.8% gain that was fueled by a large rally in Apple (**AAPL**) as well as outperformance in heavyweight name Microsoft (**MSFT**). Semiconductor and Software stocks also outperformed.

Driving the markets higher has been a decline in yields, with the 10-year Treasury now at 4.27%. Most of the drop occurred today, following news that the Consumer Price Index (CPI) had fallen versus last month.

In addition, core CPI - which removes the cost of energy and food - rose to the lowest it has in 7 months. Overall, it pointed to the very strong possibility that inflation may be waning.

The markets responded by bidding up Growth stocks such as Software and Semiconductor stocks as these areas fare better in a declining interest rate environment.

Among Semis on our list, Qualcomm (**QCOM**) rose 3.3%. As cited in our Sunday report, we were monitoring the hourly chart for signs that **QCOM**'s near-term momentum had shifted back to the upside and today's 3% rally did just that, as it pushed the RSI and MACD into positive territory.

QCOM is in a strong buy zone as it approaches a possible \$217 base breakout level.

ASML which we flagged as being in a strong buy zone following news that they are anticipating orders from TSM Semiconductor, gained 3.5% so far this week.

We are continuing to use the late January period as a guide, and **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 can be bought in the \$1046 range at its 5-day simple moving average.



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Nvidia (**NVDA**) remains in an uptrend and the stock can be bought as it continues to find support at its upward-trending 5-day moving average. As cited in our Sunday report, a negative MACD crossover on the daily chart would alert us to a possible shift of its current uptrend.

Analog Devices (**ADI**) is continuing to underperform with a 1.6% gain this week that keeps the stock in an uptrend. We would underweight the stock at this time.

Long-term hold stock Broadcom (**AVGO**) rallied into the release of their earnings after the close today. We were on the lookout for a base breakout at \$1450 which took place today. The stock is rallying modestly after hours and we are adding it back to our Suggested Holdings List.

Software stocks regained their uptrend with a closed back above the 50-day simple moving average following today's rally.

CrowdStrike (**CRWD**) from our long-term buy and hold list, jumped 11% this week after it was announced that the stock will be added to the S&P 500 Index.

As noted, we were awaiting a bullish move for the Software group (using IGV) before adding it back to our Suggested Holdings List which took place today. **CRWD** can be bought in the \$368 range at its 5-day moving average.

The Industrial sector (XLI) continues to underperform however, each of the names from this sector on our Suggested Holdings List are outperforming.

FTAI Aviation (**FTAI**) is our top performer. We were on the lookout for a close back above the \$85 level to put the stock back into a buy zone. This occurred yesterday and the stock rallied 4.1% today.

FTAI clearly has further upside, as the stock posted a bullish MACD crossover today and the RSI is not close to an overbought position. The stock can be bought to a pullback to its 5-day simple moving average at the \$85 range.



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Quanta Services (**PWR**) regained its uptrend with a close above its shorter-term 10 and 21-days simple moving averages which puts the stock into a buy zone.

Fluor (**FLR**) gained 2.3% this week and the stock remains in an uptrend as well as remaining in a buy zone.

Healthcare stocks are underperforming however, Intuitive Surgical (**ISRG**) broke out of a high tide flag formation today and the stock can be bought on a pullback to its 5-day simple moving average in the \$420 range.

Vertex (**VRTX**) pulled back to its 10-day simple moving average. While this would normally put the stock into a buy zone, the MACD on the daily chart is very close to posting a negative crossover. In late MAY, a similar threat was posed but the stock was able to recover. We would add to positions lightly here.

Utility stocks (XLU) are mostly flat for the week however Duke Energy (**DUK**) has pulled back this week on relatively high volume. We would not be a buyer on this pullback but instead, wait for a close back above its 10-day moving average which it is close to doing.

While CPI data pushed the markets higher today, the Federal Reserve's FOMC meeting notes show that the Fed anticipates only 1 possible rate cut this year. This is much lower than the anticipated 3 cuts that were cited at their last meeting.

The market's response was modest as we saw some selling into the close. We may see a delayed response with interest rates rising tomorrow - particularly if PPI data comes in stronger than expected.

Overall however, the uptrend in the markets remains strong but selective. with AI related Growth stocks faring the best.



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I did not cover every stock on our List as not all names had moves worth noting. However, if you have a question regarding one of the names, please email me at maryellen@simplertrading.com

Warmly,
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Editor, MEM Edge Report