



THE MEM EDGE

Midweek Report

Tuesday, June 18, 2024

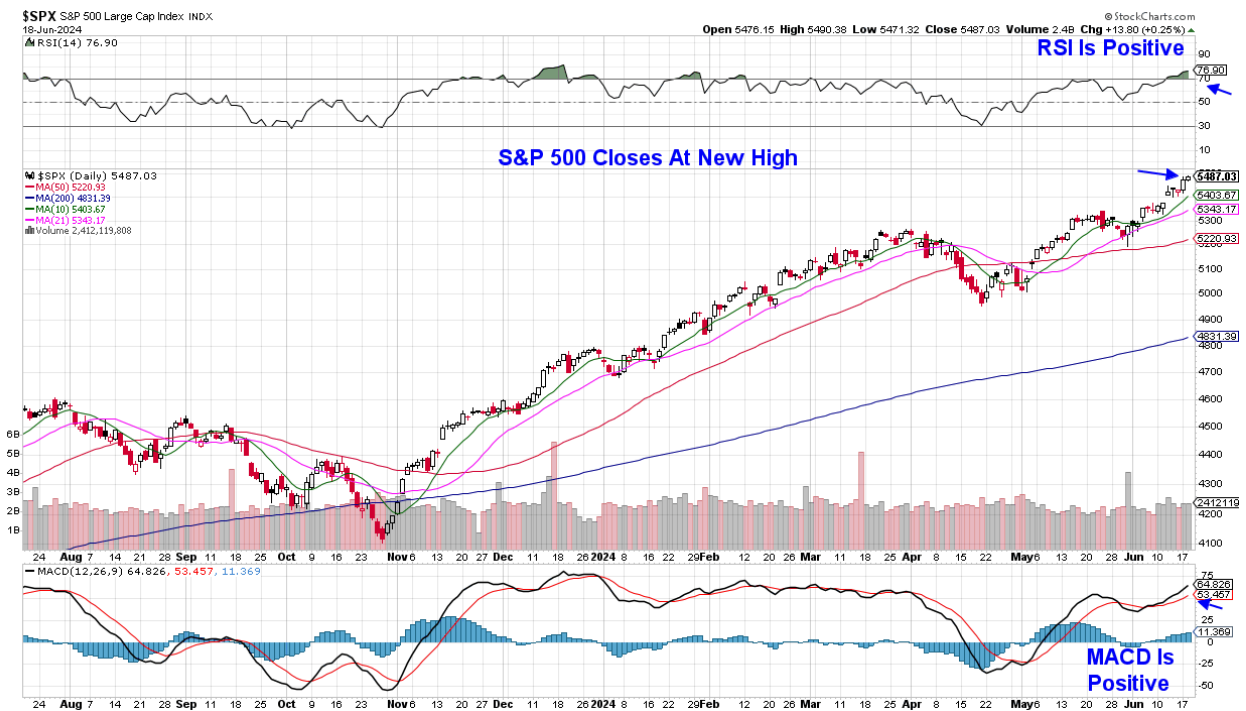
Economic Data Reported This Week

- Retail Sales Rise Only Slightly In May
- Industrial Production Sees Largest Increase In 10 Months
- Homebuilder Confidence, Housing Starts & Existing Home Sales Data Due Later This Week

Notable Developments

- Equal Weighted Indexes post gains on par with S&P 500 and Nasdaq
- Industrial Sector (XLI) Turns Positive
- Adding Sterling (STRL) To Suggested Holdings List and Eaton (ETN) Moves To Top Of Watch List
- Utilities (XLU) and Biotechs (IBB) Turn Negative
- Removing Southern (SO) and Duke (DUK) From Suggested Holdings List

DAILY CHART OF THE S&P 500 INDEX





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The S&P 500 has gained 1% over the past 2 days 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 in this index remains in place.

The Nasdaq posted similar gains led by Semiconductor stocks which continue to hit new highs. The gain puts this Index 8.2% above its 50-day moving average with the RSI now very close to reaching 80 which is considered very overbought.

We remain on alert for a possible pullback which will be initially signaled by a negative MACD crossover on the daily chart. (black line down through the red) At this time, the MACD remains in a strong uptrend.

In a positive development, the equal-weighted indexes are posting gains that are in line with the major indexes led by a rally in Industrials, Consumer Discretionary, and Financials. This is good news for the markets as broader participation will improve the possibility of a continuation rally.

In negative news, the Utility sector has turned negative as it closed below its 50-day moving average with the RSI and MACD in negative territory. We are removing both Southern Co. (**SO**) and Duke (**DUK**) from our Suggested Holdings List.

Biotechs are also trending lower this week with the group posting a negative RSI on the daily chart. (using ETF IBB).

Vertex (**VRTX**) has posted a negative MACD crossover which signals that its strong uptrend has shifted to a pullback. Should the stock close below its 21-day moving average at \$467, we would take profits as the next area of possible support is at its 50-day moving average which is quite a distance away.

We have had quite a number of notable outperformers over the past 2 days such as Qualcomm (**QCOM**), Lam Research (**LRCX**), Broadcom (**AVGO**), and ASML (**ASML**) which each gained more than the Semiconductor group.

In fact, both **QCOM** and **LRCX** are among the top 5 performers in the Nasdaq for this week so far,

Among these stocks, **ASML** is in a buy zone while **LRCX**, **QCOM**, and **AVGO** can be bought on a pullback to their 5-day moving averages.



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Nvidia (**NVDA**) continues to climb higher with its uptrend intact. The stock is performing in line with the Semiconductor group following last week's sharp gain. The stock is in a buy zone.

Chipotle (**CMG**) is also outperforming with a 5.5% gain on above-average volume. The recent MACD crossover points to further upside for the stock and we would be a buyer on a pullback to its 5-day simple moving average in the \$3300 range.

Deckers (**DECK**) on the other hand, continues to pullback and as noted, we are using the December 2023 period as a guide where a close back above its shorter-term 10 and 21-day moving average puts the stock into a strong buy zone. For now, **DECK** can be held.

Recently added Netflix (**NFLX**) remains in a confirmed uptrend with a 2.3% gain. the stock can be bought on a pullback to the \$667 level as the stock is poised for further upside given its recent MACD crossover on the daily chart.

As mentioned, we are seeing a move back into the Industrial sector this week following economic data that showed that Industrial Production posted its biggest gain in 10 months.

Among the stocks on our suggested Holdings list, Quanta Services (**PWR**) is in a strong buy zone after a 3% rally pushed the stock back above its 5-day simple moving average with the MACD poised to post a positive crossover.

FTAI Aviation (**FTAI**) is stretched above a buy point after this week's 9.3% rally, however; it clearly has further upside ahead. We would be a buyer on a pullback to the 5-day simple moving average in the \$88 range.

Today, we are adding Sterling Infrastructure (**STRL**) to our Suggested Holdings List after the stock closed above its 21-day moving average while the RSI turned positive. We would begin any position lightly however until we see a confirmation with a positive MACD crossover. (black line up through the red).

Healthcare stocks are flat for the week, however, Intuitive Surgical (**ISRG**) has gained 2.5% and the stock remains in a confirmed uptrend. **ISRG** can be bought on a pullback to its 5-day simple moving average in the \$428 range.

This week's gains in the market have been led by a continuation rally in AI-related stocks such as those on our Suggested Holdings List. A move back into Industrials has also provided a boost.



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With the markets remaining in a confirmed uptrend, pullbacks to key support such as the 5-day moving average can be used as an entry point for most of the bullish stocks discussed today.

Warm Regards,
Mary Ellen McGonagle
Editor, MEM Edge Report