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Midweek Report

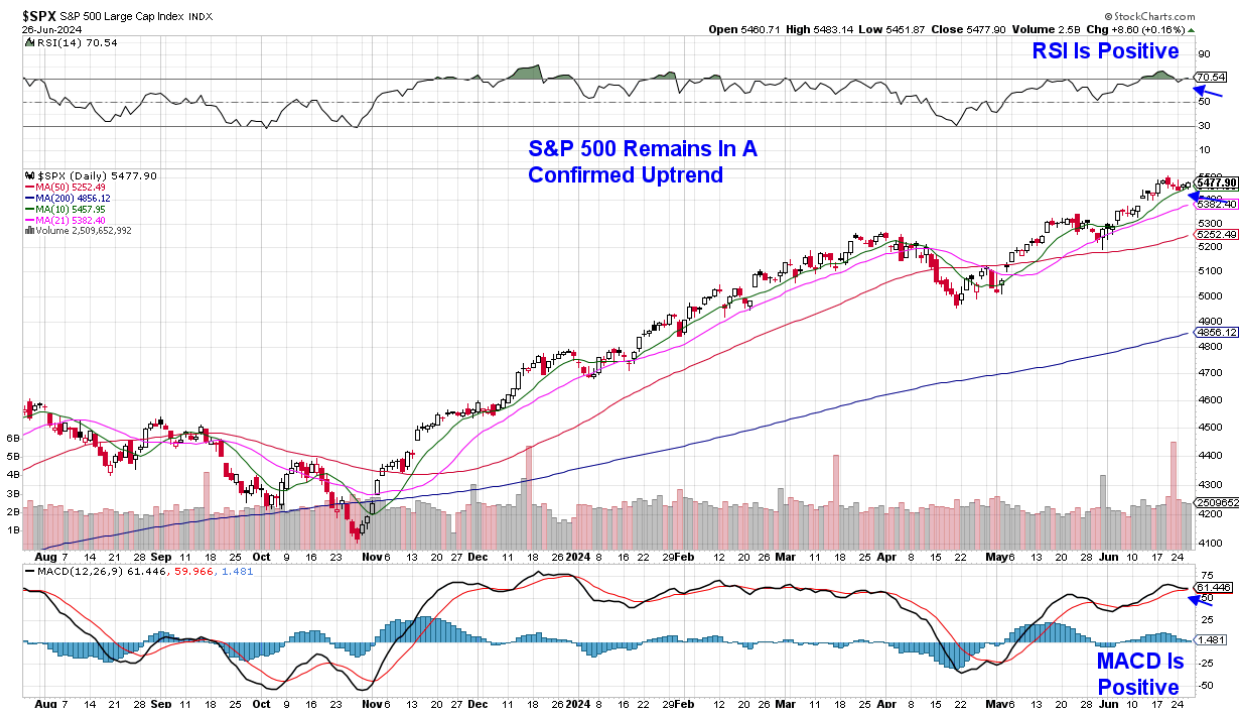
Wednesday, June 26, 2024

- Consumer Confidence Dips in May
- New Home Sales Drop to Lowest Level Since November
- Industrials Lose Their Luster
- Micron (MU) Falls Sharply Despite Beating Earnings Estimates
- Interest Rates Inch Higher Ahead of Friday's PCE Data
- Removing Qualcomm (QCOM) AND Quanta Services (PWR) From Our Suggested Holdings List.

Key Inflation Data Upcoming This Week and Next

- Q1 GDP Revision, Jobless Claims, and Durable Goods Orders Due Tomorrow
- PCE Data for May Due on Friday
- Minutes From June FOMC Meeting Due Next Wednesday
- June Employment Data Due Next Thursday

DAILY CHART OF THE S&P 500 INDEX





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The S&P 500 is flat for the week, in a move that keeps the near-term uptrend for this Index in place as it finds support at its upward-trending 10-day simple moving average.

The NASDAQ also remains in an uptrend with a 0.4% gain that is being led by outperformance in each of the Magnificent Seven names except for NVIDIA which has pulled back 2.5%

Among M7 names on our list, Amazon (**AMZN**) broke out of a one-month base today on heavy volume on news that they are planning on setting up a separate discount retailer similar to China-based company Temu. (parent company is PDD).

As you may recall, we highlighted Amazon as being in a strong buy zone that could be bought on a pullback to the \$185 level which took place on Monday. The stock remains in a strong buy zone however, we would be a buyer on a pullback to the \$191 range after today's sharp rally.

Meta Platforms (**META**) is also on the move higher as it inches closer to a \$514 cup with handle base breakout. The stock is rallying on speculation that they are in talks with Apple for an iPhone AI partnership. The possibility has since been spurned by major news outlets. A close above \$514 would put **META** into a strong buy zone.

Alphabet (**GOOGL**) is up 2.4% amid news that their robo-taxi service, Waymo, is now available in all of San Francisco. The stock added to Friday's base breakout and is now at a new high in price. **GOOGL** remains in a buy zone and can be bought on any pullback to the \$180 range at its 5-day simple moving average.

Elsewhere among Technology stocks, Semiconductors pulled back 2.4% led by a sharp drop in Qualcomm (**QCOM**) and other names that had been big winners due to AI-related enthusiasm.

On the daily chart, the RSI is now in negative territory and we are removing **QCOM** from our Suggested Holdings List. Longer-term investors can remain with the stock as the weekly chart remains constructive.

Nvidia (**NVDA**) saw heavy selling on Monday amid news that CEO Huang was selling shares after its sharp year-to-date gains. The stock saw buying over the past 2 days which is constructive. A close above its 10-day moving average at \$128 would put the stock into a buy zone.

AI-favored Semi, Broadcom, (**AVGO**) has lost 4% so far this week, however, the RSI and MACD both remain in positive territory amid buying today on light volume.



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We would not be a buyer on this dip and instead, are on the lookout for a close back above its 10-day simple moving average.

Lam Research (**LRCX**) outperformed its peers with a 0.5% gain that has this stock closing above its 10-day moving average.

While this would normally put the stock into a buy zone, ***we anticipate weakness in Semiconductor stocks following Micron (MU)'s drop after market hours today following growth estimates that were in line with estimates.***

We would not add to Semiconductor stocks at this time until the group regains its uptrend with a close back above its 10-day moving average - which is 2% away. (using ETF SOXX)

Industrial stocks are underperforming this week, led lower by Home Construction-related names after the release of weak housing data. AI-related data center builders are also under selling pressure with Quanta Services (**PWR**) closing just below its 50-day simple moving average with its RSI now in negative territory.

We are removing **PWR** from our Suggested Holdings list.

Fluor (**FLR**) also came under selling pressure however, buyers came in on today's pullback so that the stock closed just above its \$43 base breakout level. This puts the stock in a buy zone, but we would wait for a close back above its 10-day moving average in the \$44 range before adding to any position.

Honeywell (**HON**) is in a buy zone after closing above its 10-day simple moving average.

FTAI Aviation (**FTAI**) Is up almost 9% for the week and while the stock is poised for further upside, look for a pullback to the \$96 range at its 5-day moving average as a buy point.

Healthcare stocks are mostly flat for the week but most of the names on our Suggested Holdings list are outperforming. This would include Intuitive Surgical (**ISRG**) and Eli Lilly (**LLY**) which are both up over 2% for the week and remain in confirmed uptrends.

LLY can be bought in the \$893 range while **ISRG** can be bought in the \$436 range - both at their upward trending 5-day simple moving average.



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Elsewhere on our List, Pinterest (**PINS**) broke out of a 2-week base on volume Thursday which puts the stock into a buy zone.

Chipotle (**CMG**) is also in a buy zone after recovering from a pullback to its 50-day simple moving average so that it closed back above its 10-day moving average on heavy volume. Today, **CMG** executed their 50 for 1 share stock split.

Most closely watched this week will be Friday's Personal Consumption Expenditures (PCE) data which will be released before the markets open. At this time, estimates are calling for a slight decrease which would be good news as it would follow the recent trend of a generally decreasing inflation environment.

Any uptick would of course put downward pressure on the markets with Growth stocks being the most vulnerable.

Today, interest rates ticked up slightly ahead of tomorrow's employment data as well as Friday's inflation report.

This week's go-nowhere environment in the broader markets is typical ahead of Friday's inflation report. Tomorrow's presidential debate also has investors on the sideline. Despite the uncertainty, select areas of growth such as the names on our Suggested Holdings list that we have highlighted, remain in confirmed uptrends. We would keep new positions light until after Friday's report.

Warmly,
Mary Ellen McGonagle
Editor, MEM Edge Report