



# THE MEM EDGE

July 7, 2024 | Weekly Report

## Economic Data Last Week

- June Private Sector Jobs Growth Lowest In 5 Months
- Jobless Claims Stay Near 1-Year High
- Factory Orders Drop In May

- Unemployment Rate Rises To 4.1% - First Time Since November 2021/ Wages Slowed

## Key Data Due Next Week

- Q2 Earnings Season Begins With Bank Stocks
- Powell Testimony To The U.S. Senate and The House

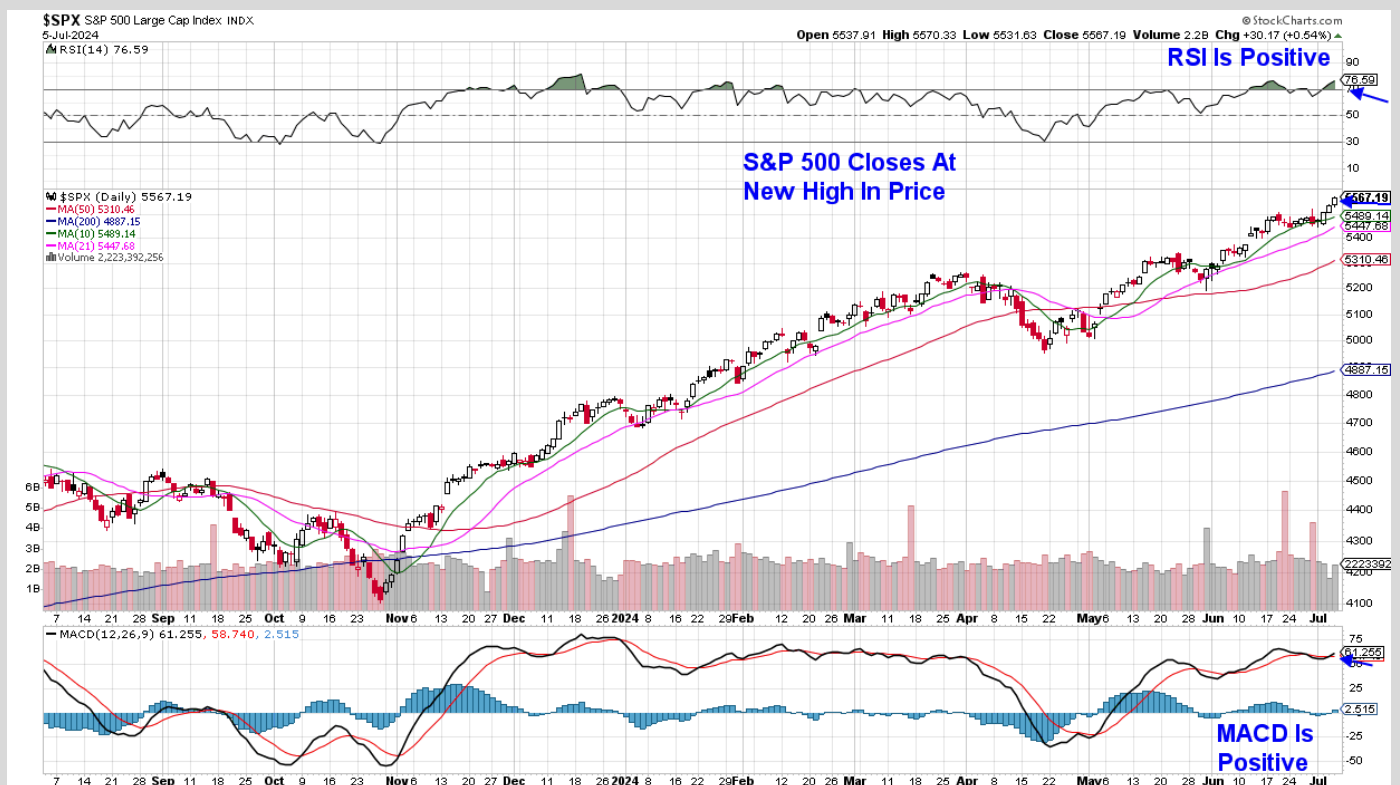
- CPI And PPI Data Due Next Week

## Market Developments Ahead of Next Week

- S&P 500 And Nasdaq Close At New Highs
- Big Tech Continues To Lead As TSLA Surges 27%

- Interest Fall After June Employment Data

### Daily Chart of S&P 500



The S&P 500 gained 2% last week in a move that keeps the RSI and MACD in positive territory, with the near-term uptrend in this Index firmly in place.

On the longer-term weekly chart, the RSI closed at 76.3. Historically, a move just above 80 has signaled a very overbought position and the markets tend to pull back. We will continue to monitor this.

The Tech-heavy NASDAQ fared even better, with a 3.5% gain that was led by a sharp outperformance in Tesla which rallied 27%. Magnificent Seven names such as Meta (**META**), Apple (**AAPL**), Amazon (**AMZN**), and Microsoft (**MSFT**) also gave this Index a boost after posting above-average returns.

Last week's gains put the NASDAQ 8.3% above its key 50-day simple moving average. Using precedence, this large of a gap above this moving average has historically preceded at least a period of consolidation and in some cases such as early December of this year, a pullback.

At this time, we would use any pullback as an opportunity to add to positions - particularly in Growth stocks.

Last week, interest rates fell amid reports of a slowdown in the economy highlighted by Friday's report that unemployment rose to 4.1%. Wage growth - a key metric for the Federal Reserve - fell as well and in turn, investors pushed up the odds of a rate cut in September to 72%. (using the CME FedWatch tool)

A declining interest rate environment is a positive for Growth stocks as it helps increase the value of their future earnings.

On the other hand, economically sensitive areas of the market faltered with Industrials, Retail, Bank, and Materials stocks ending the week lower. Small Cap stocks also fell.

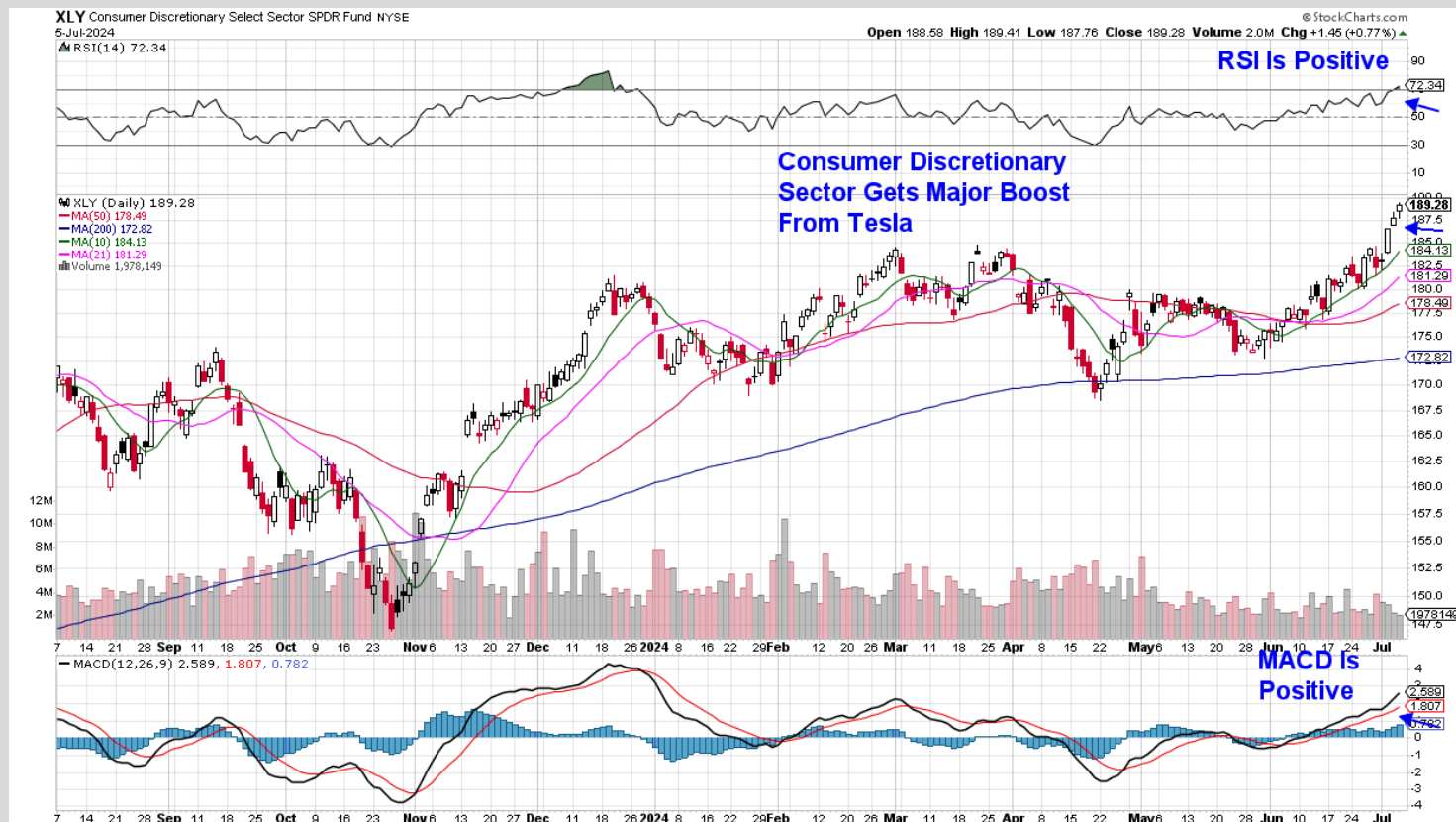
We expect this dynamic of investors favoring growth stocks while reducing holdings in economically sensitive areas to continue, as we have now seen more than a few reports of a slowdown in manufacturing while consumer spending has begun to decline as well.

Next week, key inflation data will be released with Consumer and Producer Price Index data due on Thursday and Friday respectively. Any reports of lower-than-expected numbers will be a further boost for the markets, as lower inflation will further support the Fed lowering rates in September.

Also, Fed Chair Powell is due to speak on both Tuesday and Wednesday and any comments regarding the slowdown in employment may spark a continuation rally.

Earnings season will begin with big banks such as Citigroup (**C**), JP Morgan (**JPM**), and Wells Fargo (**WFC**) due to report their quarterly results on Friday. Delta Airlines (**DAL**) will report on Thursday. Both **JPM** and **C** are in bullish positions as they are close to base breakouts ahead of the release of their earnings.

## Daily Chart of the Consumer Discretionary Sector (XLY)



### Consumer Discretionary Sector Is Top Performer

The Consumer Discretionary sector gained 3.8% for the week, led higher by a 27% rally in Tesla after the company reported better-than-expected 2nd quarter EV deliveries as well as accelerating growth in their battery storage business.

Last week's heavy volume buying in **TSLA** pushed the MACD closer to a move into positive territory on the weekly chart with the RSI not yet in an overbought position. The stock is poised for further upside however, it's overbought on both the daily and 60-minute charts,

We are on the lookout for a pullback to its 5-day moving average in the \$228 range where we would consider adding it to our Suggested Holdings List.

Heavyweight name Amazon (**AMZN**) closed at a new high in price following a 3.5% rally that keeps the stock in a strong buy zone above its upward-trending shorter-term moving averages.

The rally took place amid news that the company plans to spend over \$100 billion on data centers over the next decade. The move is intended to bolster their AI infrastructure and maintain their lead in the cloud computing market.

In other news, it was revealed that Amazon is planning to use the same controversial trade rule as Temu to import items sold on its upcoming discount section without paying duties. The move will allow them to price items more competitively.

Hilton (**HLT**) pulled back to close the week just below its 10-day moving average. The stock has been trending sideways over the past 2 weeks while its RSI and MACD remain in positive territory. The stock can be held.

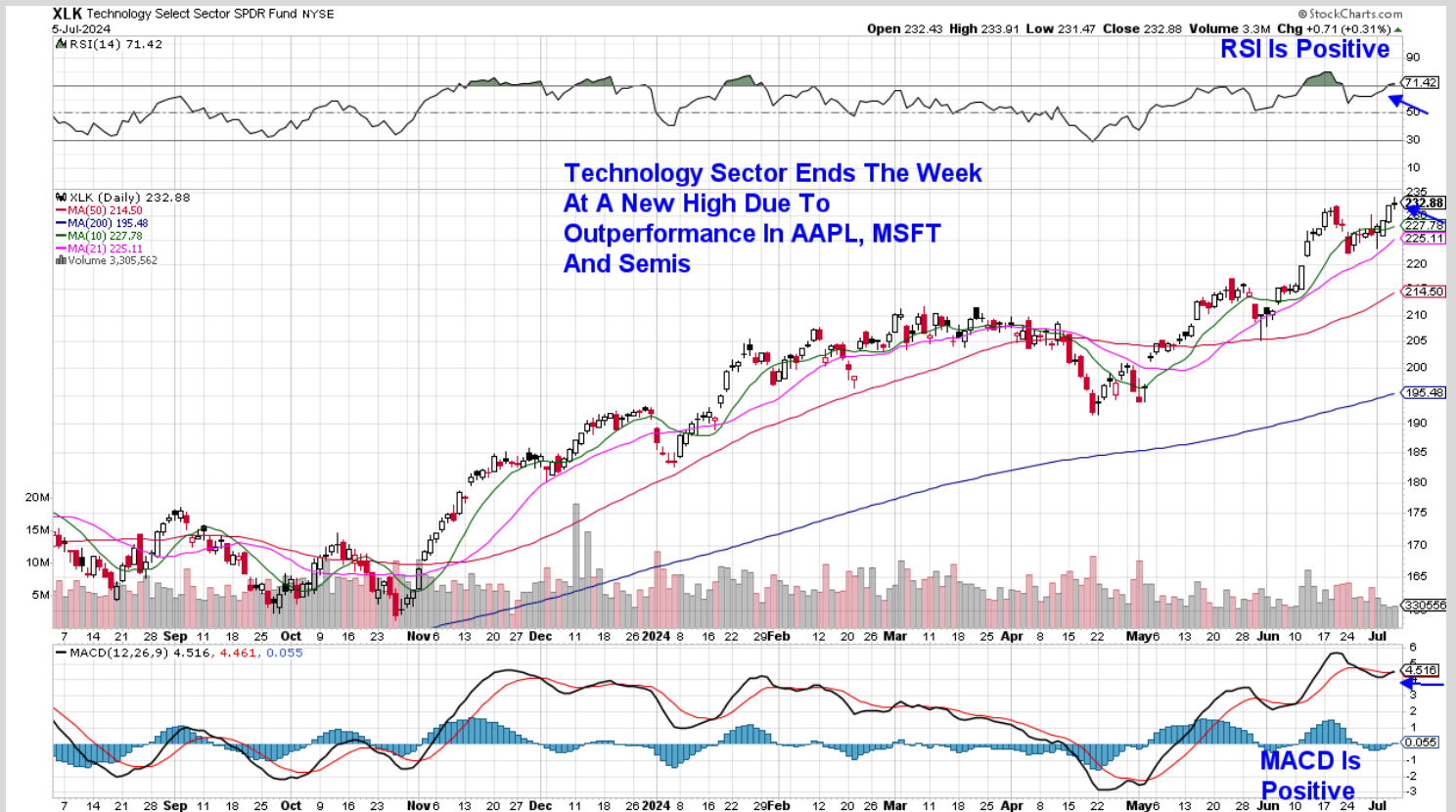
The U.S. Services sector reported a slowdown last week after ISM data showed weakness. This has been a strong area of the economy but over the past 3 - 2 months have shown contraction.

The services sector includes travel, leisure, and hospitality which Hilton (**HLT**) is a part of. We will continue to monitor the stock and this group for signs of weakness.

Despite a decline in interest rates last week, Home Construction stocks fell 3.3% as investors digested weak housing starts data from the prior week as well as the possibility of a slowing economy. (using ETF XHB) The group remains in a confirmed downtrend.



## Daily Chart of the Technology Sector (XLK)



### Technology Sector Is Among Top Performers

The Technology sector hit a new high in price after a 3% gain amid outperformance in heavyweight names Apple (**AAPL**) and Microsoft (**MSFT**). Semiconductor stocks also outperformed the broader markets with select names such as those on our list, posting solid gains.

Among large-cap Semiconductor stocks, Broadcom (**AVGO**) from our Suggested Holdings list was the top performer with a 6.1% gain that took place ahead of the company's 10-for-one stock split that is due to take place next week.

The stock's close above its 10-day simple moving average puts it into a strong buy zone however a pullback to the \$1667 range at its 5-day mav, would be an ideal entry point.

ASML Holdings (**ASML**) also outperformed with a 5.1% gain ahead of the release of their earnings in 12 days. The stock experienced a gap up in price on Wednesday amid news that the company can proceed with expansion plans at their headquarters.

**ASML** remains in a buy zone as it is very close to a possible \$1077 base breakout which would put the stock into a strong buy zone.

Lam Research (**LRCX**) underperformed despite analyst upgrades to their earnings for next year. The stock is in a strong buy zone as it is 1% away from a possible base breakout at the \$1102 level.

Nvidia (**NVDA**) underperformed for the week despite a 4% rally on Wednesday that pushed the stock back above its 10-day moving average. **NVDA** gave back half of this gain after a Friday pullback.

Both the RSI and MACD point to a lack of upside momentum in the stock however, it remains above its 10-day moving average and in a buy zone. A MACD crossover on the daily chart would confirm a new uptrend and would put **NVDA** into a strong buy zone.

This week we are adding Arm Holdings (**ARM**) to our Suggested Holdings List after a Friday rally that pushed the stock out of a 3-week base at the \$177 level. The stock is in a buy zone.

**ARM's** chip designs are used by every major semiconductor maker including **NVDA**, **QCOM**, **AAPL**, and more.

Software stocks continued their winning ways with a 2.3% gain for the week. (using ETF IGV).

Among the outperformers was AI-enhanced cybersecurity stock Palantir (**PLTR**), which is very close to a possible 4-month base breakout at the \$27.5 level. The stock is currently in a buy zone with a pullback to its upward trending 5-day simple moving averages being an ideal buy point in the \$26 range.

Crowdstrike (**CRWD**) continues to underperform with a 1.7% gain that keeps this stock in a flat base formation since its June 10th pop in price. A close above this base high of \$395, would put the stock into a buy zone. Until then, the stock can be held.

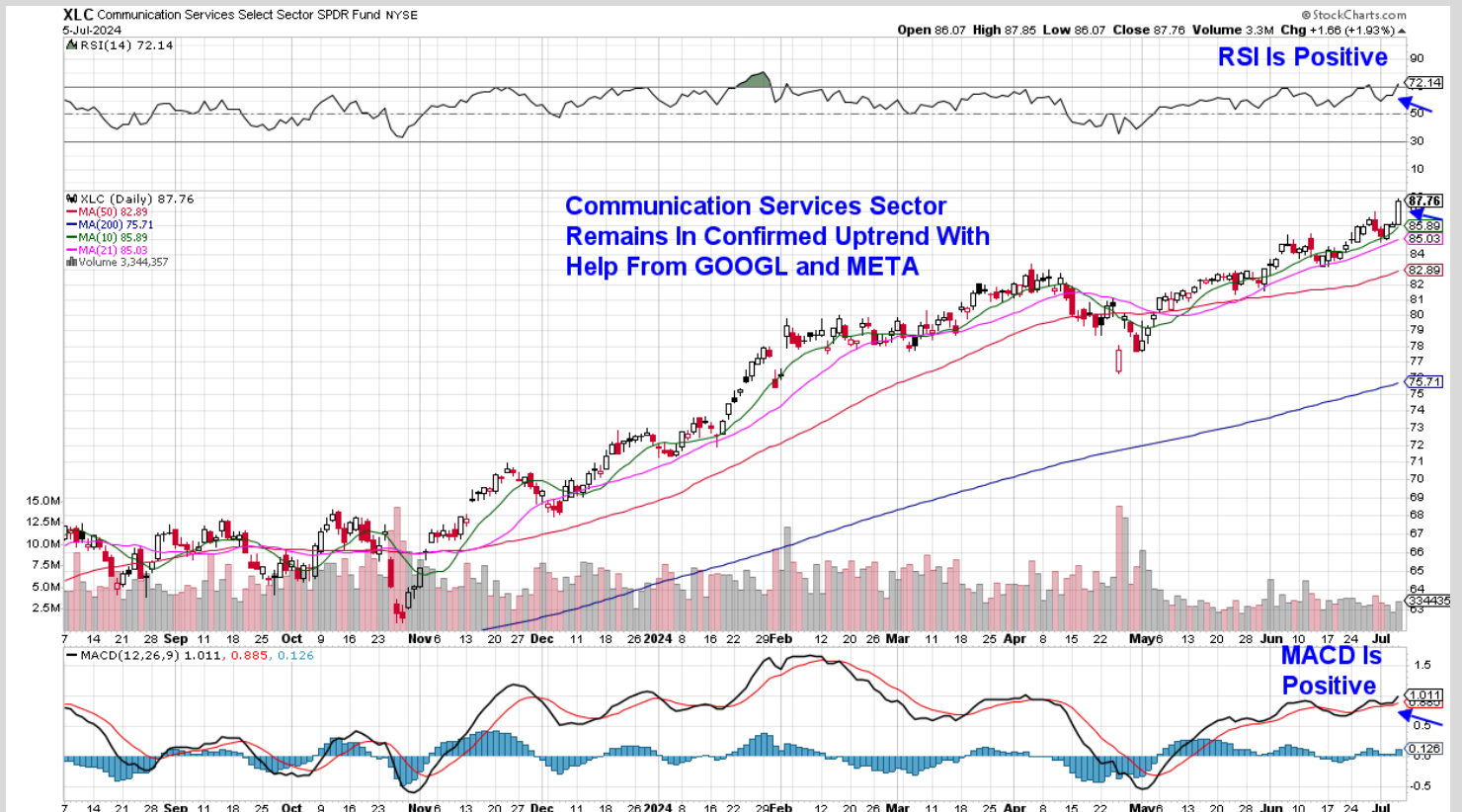
This week, we are adding Monday.com (**MNDY**) to our Suggested Holdings List after Friday's breakout of a 6-week base. The company provides project management software to small businesses and has seen a record adoption of its newer products while also being able to raise prices.

**MNDY** is in a strong buy zone.

Arista Networks (**ANET**) remains in a strong buy zone. The networking gear company is a key player in providing infrastructure to support AI initiatives. **ANET** gained 4.5% last week and is in a confirmed uptrend as it finds support above its upward-trending 5-day simple moving average.



## Daily Chart of the Communication Services Sector (XLC)



### Communication Services Sector Gets Mega-Cap Boost

The Communication Services sector closed at another new high in price led by strong outperformance in heavyweight names Meta Platforms (**META**) and Alphabet (**GOOGL**).

Both stocks posted strong gains on Friday following the release of weaker-than-expected employment data which has traders now anticipating a rate cut in September.

Lower interest rates are a positive for Growth stocks and names such as **GOOGL** and **META** are easy ways for institutional money to participate in AI-related growth names amid the possibility of lower rates.

There was no news specific to the stocks that was released on Friday.

**META** rallied 6% on Friday in a move that pushed the stock out of a 14-week base and to a new high in price. In addition, on the weekly chart the MACD is poised to post a bullish crossover (black line up through the red) which would be a positive for the longer-term outlook for the stock.

On the daily chart however, **META** is extended and we would be a buyer on a pullback to the \$514 range at its 5-day moving average.

**GOOGL** is in a similar position with the daily and weekly charts both pointing to further upside however, a pullback to the \$186 range would be an ideal buy point.



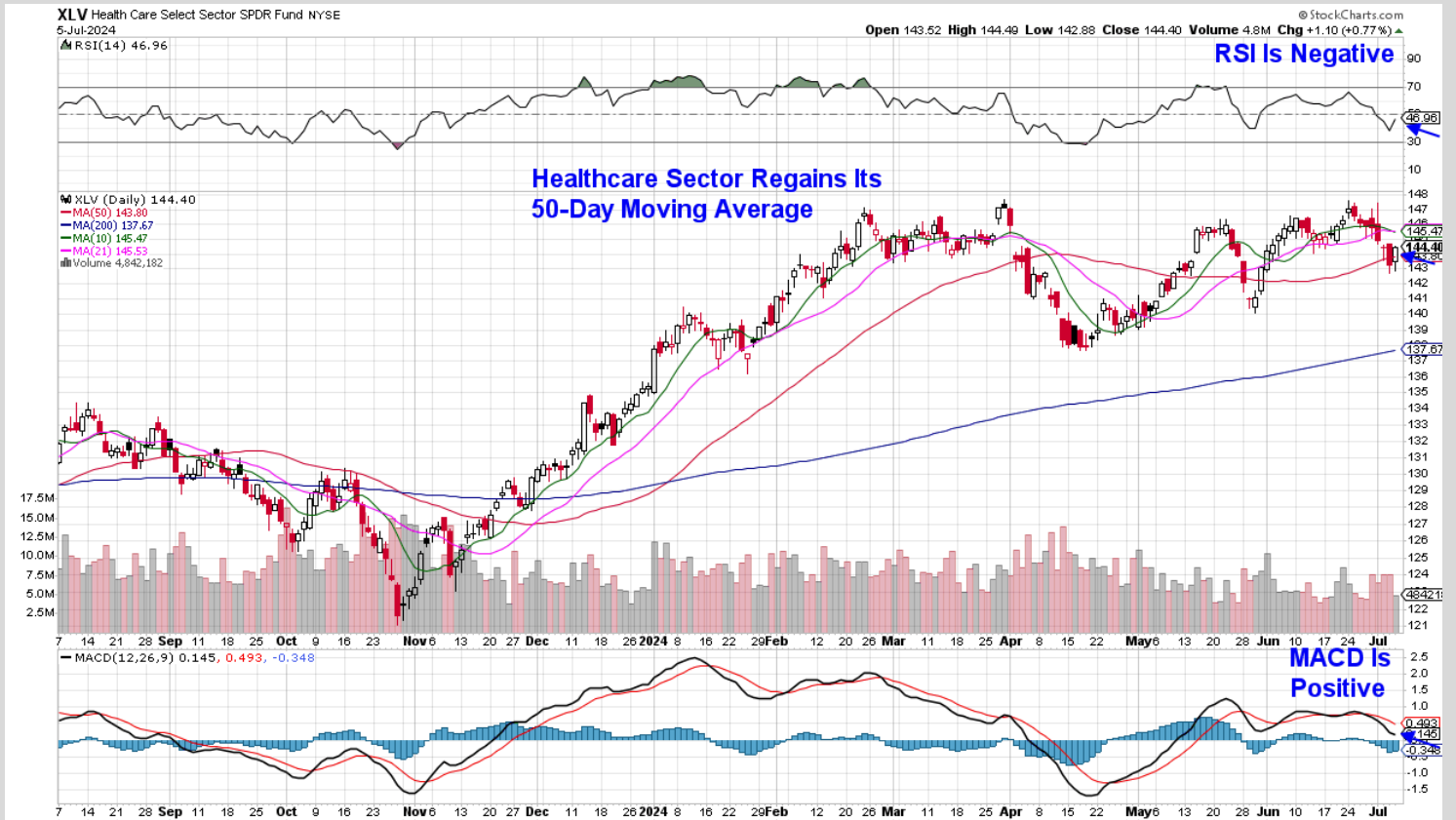
Netflix (**NFLX**) broke out of a 2-week base on Friday which puts the stock into a strong buy zone. The company - which is due to report earnings in 12 days - does not have the same positive momentum as AI-related growth stocks however.

Pinterest (**PINS**) closed the week just below its 10 and 21-day moving averages in low-volume trade amid a lack of any news. A close above these moving averages coupled with a positive MACD crossover would put the stock into a buy zone. The company is due to report their 2nd quarter results at the end of this month.





## Daily Chart of the Health Care Sector (XLV)



### Healthcare Sector Among Weakest Areas

The Healthcare sector lost almost 1% last week in a decline that has pushed the RSI into negative territory. The heavy volume selling was most evident in Managed Care stocks while Biotechs also pulled back.

Vertex Pharmaceuticals (**VRTX**) gained 1.3% in bullish price action as the stock continues to consolidate its May into June gains after announcing their development of a new pain medication that is non-addictive.

**VRTX** is in a buy zone and a close above its 21-day moving average at \$476, coupled with a positive MACD crossover, would put the stock into a strong buy zone.

It was a week full of news for Eli Lilly (**LLY**) as they received FDA approval for their Alzheimer's treatment drug on Tuesday. The following day, a study was released that suggests weight loss drugs can lead to blindness.

**LLY** ended the week up 1% with a close above its 5-day simple moving average in a move that puts the stock back in a confirmed uptrend and in a strong buy zone.

Intuitive Surgical (**ISRG**) recovered from a pullback to its 21-day simple moving average with the stock bullishly closing the day Friday above its 5-day simple moving average. The gain took place amid an analyst upgrade ahead of the release of **ISRG's** earnings in a week and a half. The stock is in a strong buy zone.

Boston Scientific (**BSX**) continues to drift lower amid a lack of news. The stock has been able to maintain a positive RSI and MACD during its recent period of consolidation and can be held.

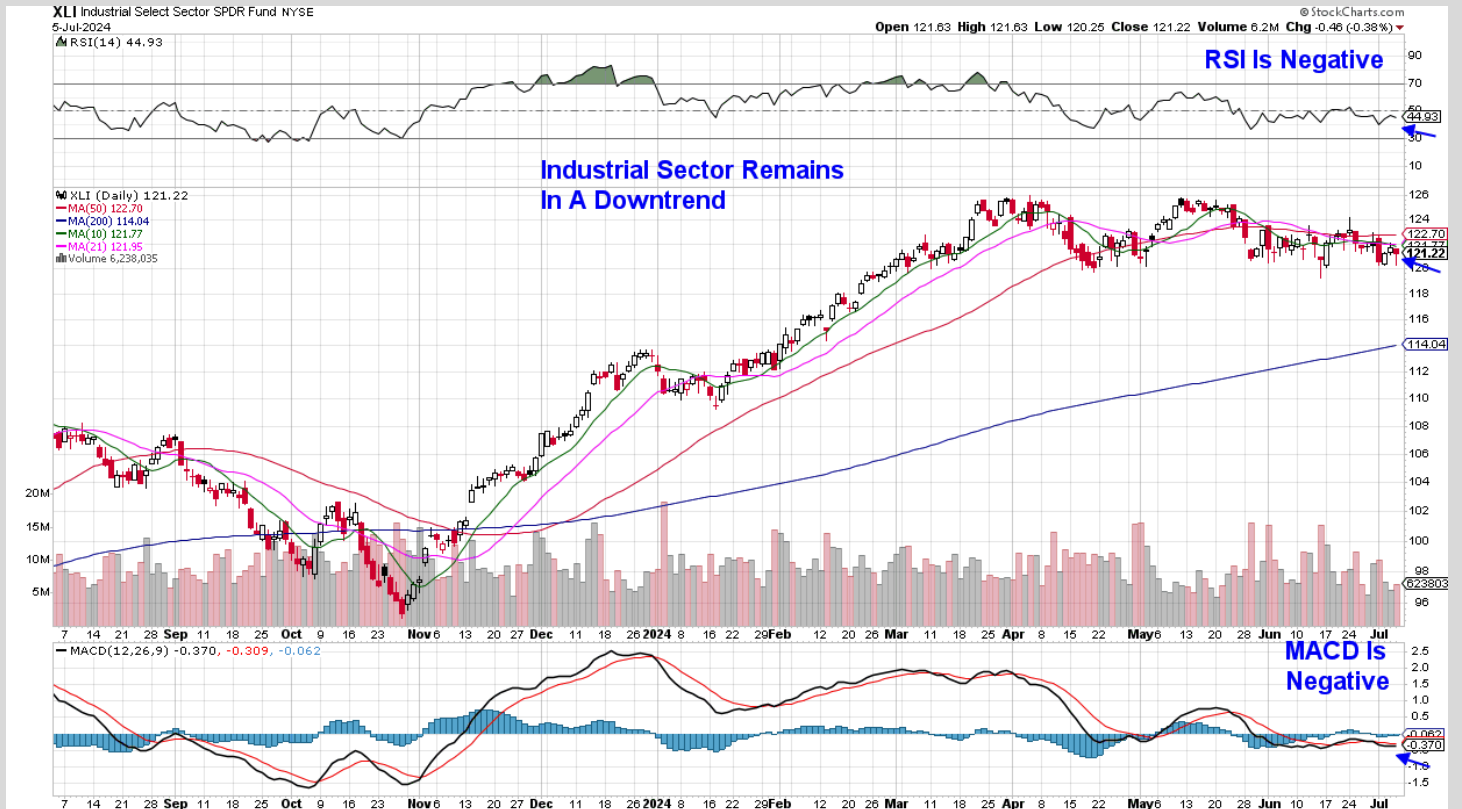
A close above its 5-day simple moving average at \$77 coupled with a bullish MACD crossover, would put **BSX** into a buy zone. The company is due to release their earnings later this month.

Healthcare stocks may experience more volatility as we move closer to this year's presidential election. Last week, it was revealed that health care expenses top the list of America's worries and talk of tackling the rising costs of health insurance, prescription drugs, and other medical costs is expected to take center stage among politicians.

Comments from Biden last week regarding the high cost of drugs pushed Pharma stocks such as **LLY** lower before the stock rebounded.



## Daily Chart of the Industrial Sector (XLI)



### Industrial Sector Remains In A Downtrend

The Industrial sector pulled back 0.5% last week in a move that keeps the sector below each of its key moving averages. With a negative RSI and MACD, the downtrend in this sector - which began 5 weeks ago - remains in place.

The underperformance in this sector is taking place as weaker than expected Industrial Production and Manufacturing data is being released. Last week's news that Factory orders had dropped followed the prior week's news that new home starts had weakened. In response, Construction and building-related stocks continue to come under pressure.

Not all stocks in the economically sensitive sector are under selling pressure however as FTAI Aviation (**FTAI**) gained another 2% last week. The company

leases aviation equipment which still has powerful tailwinds from Trump-era tax cuts that are letting people write off jets as a business expense.

**FTAI** closed the week back above its 5-day moving average and is in a buy zone.

Fluor (**FLR**) also rallied 2% which puts the stock into a strong buy zone just above its \$43 base breakout level. The gain took place amid a Wall Street price target upgrade which is 20% higher than the current price.

Earlier this year, the company's CEO identified the data center market as a major sector of opportunity for construction activity globally.

Honeywell (**HON**) pulled back slightly and found support at its upward-trending 21-day moving average with the RSI and MACD in positive territory.

A close above its 10-day moving average in the \$213 range would put the stock into a buy zone.

Honeywell has a small unit that provides EV charging stations to commercial real estate buildings. Last week's news of increased EV sales from TSLA, Ford, and GM may provide a boost to this division.

The primary source of revenue for Honeywell however is their Aerospace division with a mixture of both commercial and defense contracts. Both areas are in a growth mode.



## Summary

Last week's holiday-shortened period was filled with economic data that pointed in a similar direction. The U.S. economy appears to be slowing while inflation is moderating. This is great news as long as we do not fall into an economic downturn.

At this time, we do not see signs of this possibility; particularly in light of a recently strong corporate earning period that is expected to show similar strength as we head into the Q2 reporting period next week.

Last week's continued move away from economically sensitive areas of the market was marked by a clear move into growth stocks. The First Trust Nasdaq 100 Equal Weighted Index ETF (QQEW) rose 1.6% and to a record high. This shows strength beyond the megacaps and bodes well for a continued move into growth should interest rates continue to decline.

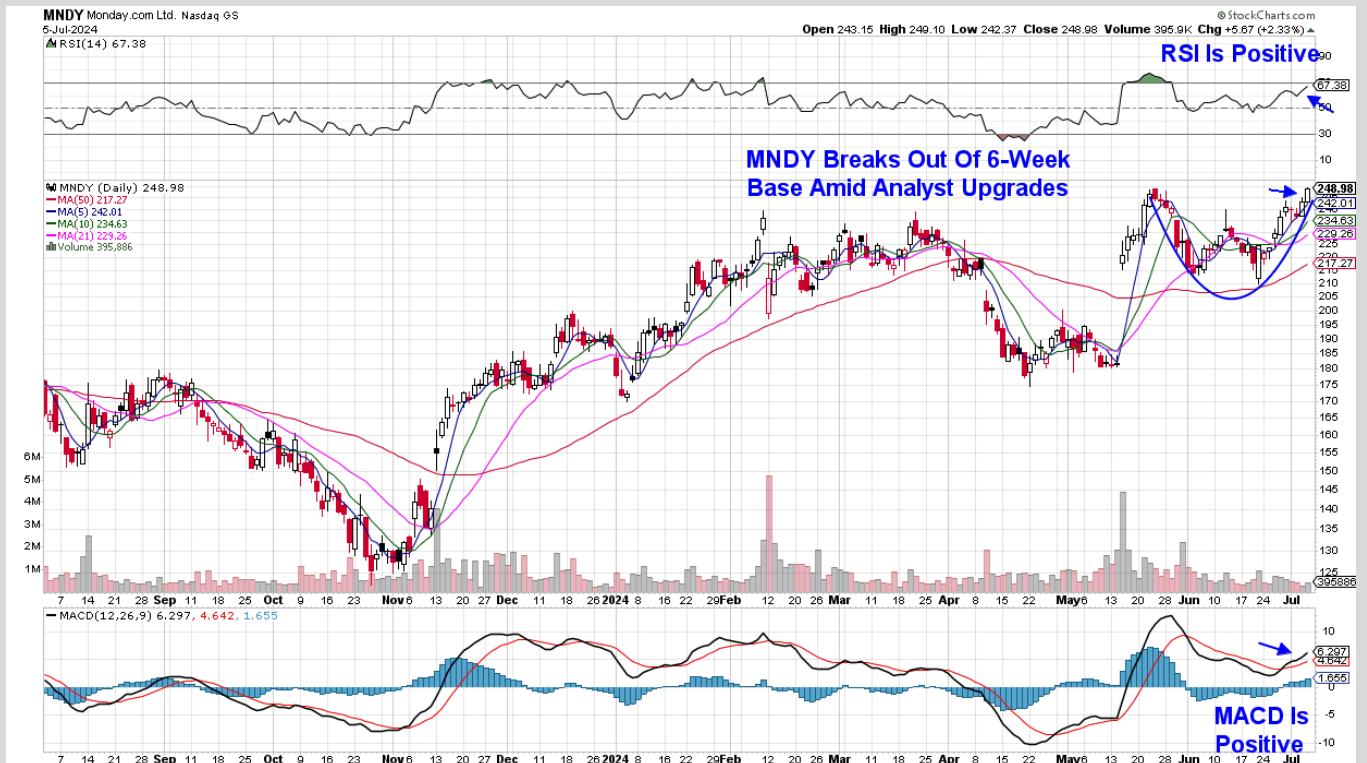
Next week's CPI report on Thursday will be most closely watched as well as comments from Fed Chair Powell on both Tuesday and Wednesday.

## New Idea Charts:

### Daily Chart of Arm Holdings Plc (ARM)



## Daily Chart of Monday.com Ltd. (MNDY)



The  
**MEMEdge**  
WEEKLY REPORT

# 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	8.5%	1-Aug
HLT	Hilton	\$215.90	6/22/2024	-0.5%	24-Jul

## INDUSTRIAL

FLR	Fluor Corp.	\$43.40	6/2/2024	2.5%	3-Aug
FTAI	FTAI Aviation	\$58.00	3/17/2024	67.5%	24-Jul
HON	Honeywell International	\$215.40	6/23/2024	-0.5%	25-Jul

## HEALTHCARE

BSX	Boston Scientific	\$57.60	1/3/2024	31.0%	24-Jul
ISRG	Intuitive Surgical	\$598.80	5/19/2024	11.5%	18-Jul
LLY	Eli Lilly	\$820.30	6/2/2024	11.5%	9-Aug
VRTX	Vertex Pharmaceuticals	\$414.80	5/12/2024	11.5%	1-Aug

## TECHNOLOGY

ANET	Arista Networks	\$328.50	6/16/2024	11.5%	29-Jul
ARM	Arm Holdings	\$181.20	7/7/2024		31-Jul
ASML	ASML	\$950.80	6/4/2024	4.0%	17-Jul
AVGO	Broadcom	\$1,495.50	6/12/2024	14.00%	
CRWD	Crowdstrike	\$387.40	6/12/2024	2.5%	
LRCX	Lam Research	\$1,036.00	6/15/2024	5.5%	24-Jul
MNDY	Monday.com	\$248.90	7/7/2024		14-Aug
NVDA	Nvidia	\$887.90	5/5/2024	37.7%	21-Aug
PLTR	Palantir	\$25.33	7/19/2024	7.5%	6-Aug

## COMMUNICATION SERVICES

GOOGL	Alphabet Inc.	\$156.61	4/10/2024	21.0%	23-Jul
META	Meta Platforms Inc.	\$492.90	6/9/2024	10.5%	25-Jul
NFLX	Netflix	\$669.40	6/16/2024	3.5%	18-Jul
PINS	Pinterest	\$42.50	6/9/2024	-1.0%	30-Jul

## Longer Term Hold Candidates That Were Removed From Suggested Holdings List

SYMB	COMPANY NAME	CURRENT STATUS
AVGO	Broadcom	Hold
CRWD	Crowdstrike	Hold
DELL	Dell Technologies	Hold
ETN	Eaton Corp. PLC	Hold
LRCX	Lam Research	Hold
MSFT	Microsoft	Hold
NVDA	Nvidia	Hold
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

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## 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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