



# THE MEM EDGE

Midweek Report

Thursday, August 8, 2024

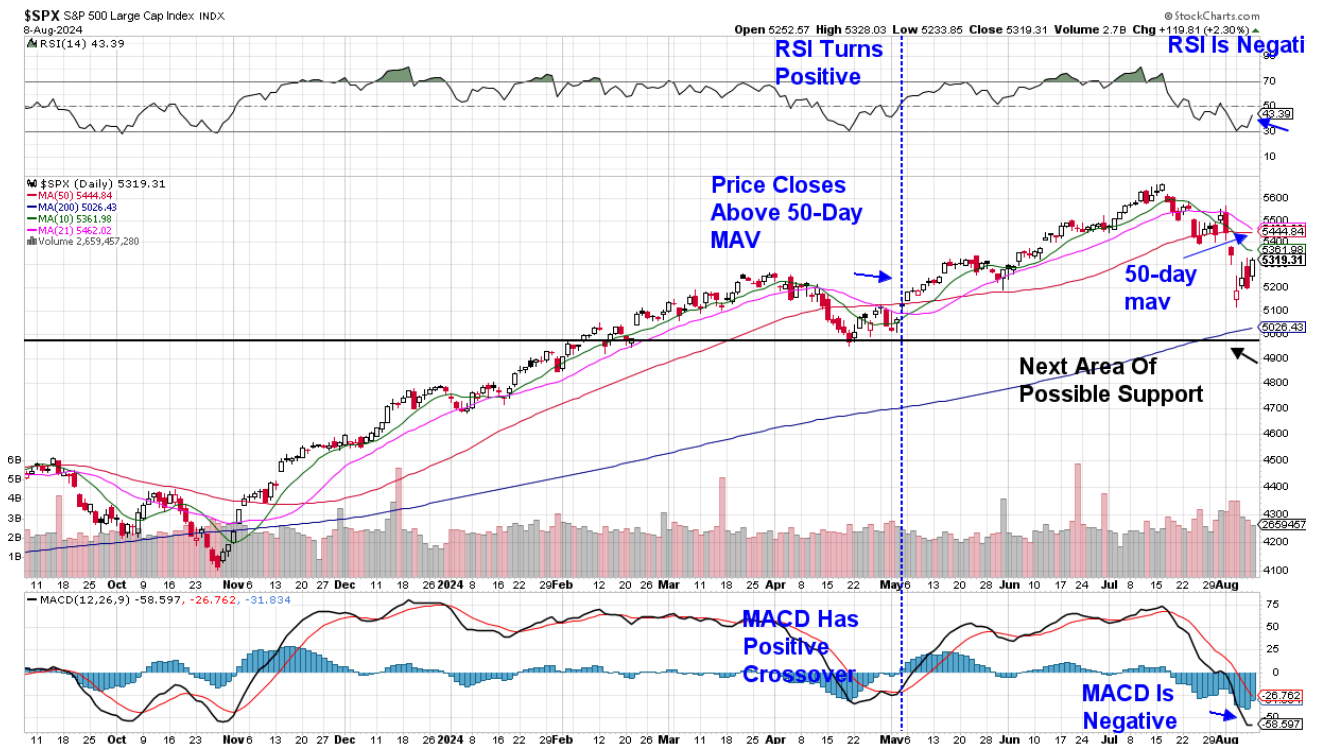
## Market Data and Price Action Today

- Jobless Claims Fall and Drop From 1 Year High
- Technology Sector Outperforms While Defensive Areas Underperform
- Interest Rates Rise - 10-Year Yield At 3.9%
- Volatility Falls but Remains Elevated At 23 (\$VIX)
- Markets Remain in Confirmed Downtrend

## Upcoming Data Due Next Week

- Core PPI Data Due Next Tuesday
- Core CPI Data Due Wednesday
- Retail Sales and Industrial Production Due Next Thursday

## DAILY CHART OF S&P 500 INDEX





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The S&P 500 gained 2.3% today in a move that puts this Index 0.8% away from its 10-day simple moving average. With the S&P 500 still below its 50-day moving average coupled with a negative RSI and MACD, the near-term downtrend in this Index remains in place.

Using the daily chart above, we are on the lookout for a move similar to early May of this year to signal a new uptrend. At that time, the S&P 500 closed back above its 50-day moving average, coupled with a positive RSI and MACD which signaled a downtrend reversal.

The Nasdaq fared better with a 2.9% advance that was led by a sharp rally in beaten-down Semiconductor stocks. Select Software stocks also outperformed. The gain puts the Nasdaq 1.3% below its 10-day moving average.

Similar to the S&P 500, we are on the lookout for a close back above the Nasdaq's 50-day simple moving average coupled with a positive RSI and MACD on the daily chart to signal a new uptrend.

Today's rally was sparked by a drop in jobless claims which helped lessen fears of an employment-driven recession.

While constructive, the broader markets remain in a confirmed downtrend with volatility remaining elevated. A close below 20 on the VIX, coupled with a move of the Indexes back above their 50-day moving average would be needed before wading back into these markets.

Unlike this week, next week has a full economic calendar and we may see the markets regain upside depending on the data. (see bullets above)

With this possibility, it's an ideal time to be refining a Watch List as potential leaders will begin revealing themselves on days such as today.

In particular, screening for stocks that are fundamentally sound and are relatively outperforming, while also exhibiting constructive charts in a market downtrend.

History tells us that these stocks will go on to lead, once market pressures lift.

I have screened the markets and have assembled over 40 stocks that fit this criteria.

Among the themes so far, META and NFLX within the M7 names are emerging. Also, Cybersecurity stocks among Software and Aerospace/Defense stocks within Industrials. The Healthcare sector is also showing a "healthy" number of names.



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As for stocks within the MEM Edge Report universe - those names recently and currently on our List - Palantir (PLTR) and Arista Networks (ANET) show up strongly, as does, Fluor (FLR), FTAI Aviation (FTAI), Intuitive Surgical (ISRG), AbbVie (ABBV), Eli Lilly (LLY) and Meta Platforms (META). (These 8 were among the 40 names culled.)

The full Watch List of stocks can be accessed from the Simpler dashboard.

We will continue to update this list and of course, will alert you if the markets turn positive. Until then, keeping cash on hand is advised.

Warmly,  
Mary Ellen McGonagle  
Editor, MEM Edge Report