



THE MEM EDGE

September 2, 2024 | Weekly Report

Last Week's Data

- Consumer Confidence Comes In Above Estimates
- Weekly Jobless Claims Come In Lower Than Expected
- 2nd Quarter GDP Revised Higher to 3% Amid Consumer Spending
- NAR Reports July Pending Home Sales Tumbled 5.5%
- Personal Consumption Expenditures (PCE) Data In Line With Expectations

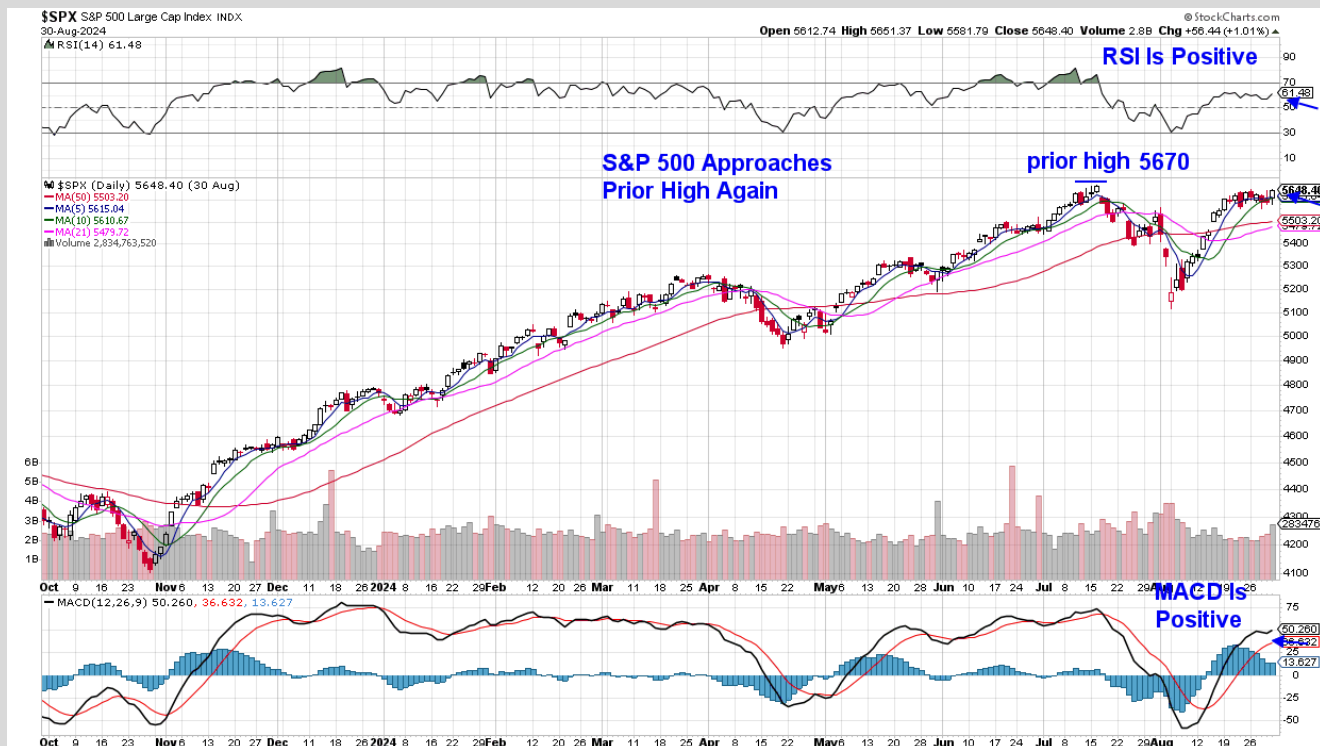
Market-Related Developments Last Week

- NVIDIA Falls Despite Reporting Strong Results
- Yield On the 10-year U.S. Treasury Note Drifts Higher
- Tame PCE Data Gives Markets A Friday Boost

Upcoming Next Week

- August Employment Data Due Next Thursday and Friday
- Manufacturing And Services PMI Data (Tues. and Thursday)

Daily Chart of S&P 500



The S&P 500 gained 0.2% for the week in a move that keeps this index within striking distance of its July high of 5670. With the RSI and MACD in positive territory, the near-term uptrend in this Index remains in place.

The weekly chart is also positive, with the RSI below an overbought position and the MACD poised for a bullish crossover. A close above the July high in price, coupled with a weekly MACD crossover, would be quite constructive for the longer-term outlook for the markets.

The Nasdaq struggled again last week, with a midweek pullback that put this index below its 50-day simple moving average. A Friday rally helped it regain this key moving average, and with the RSI and MACD in positive territory the near-term uptrend remains in place.

Last week's decline in the Nasdaq was marked by a 10% drop in heavyweight Nvidia (**NVDA**), which fell despite reporting quarterly results ahead of estimates. Other Semi's also underperformed, as did most of the Magnificent 7 stocks.

Additional drivers last week were the release of economic data that signaled an economy that's continuing to expand but not so much to cause alarm. Friday's tame Personal Consumption Expenditures (PCE) steadied the markets as well, as the inflation numbers came in as expected.

The Equal Weighted S&P 500 closed the week at another new high in price. This is a positive for the markets as it signals a continued broadening out of participation.

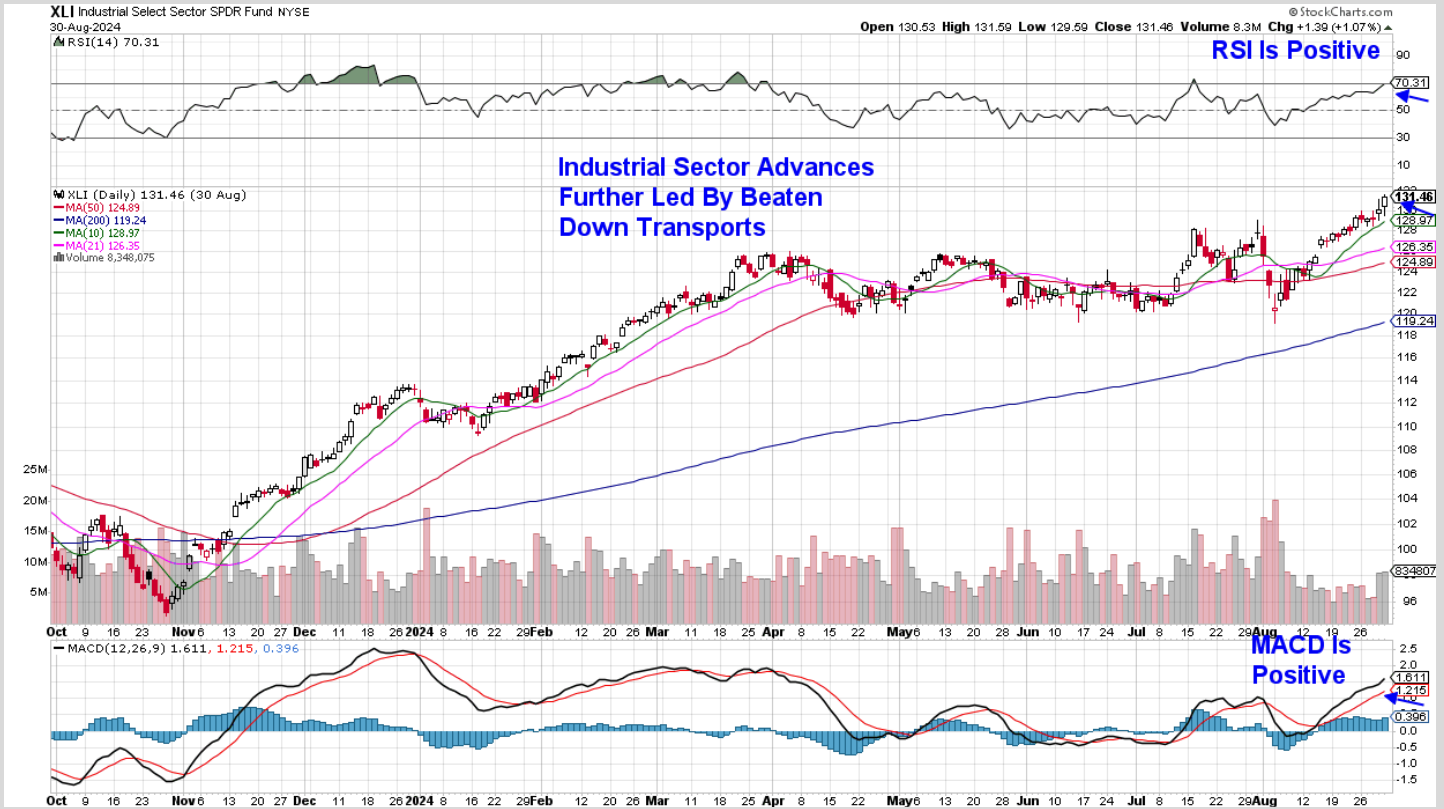
At this time, seven of the eleven sectors are posting a new high in price led by areas such as Industrials, Healthcare, and Real Estate which are represented on our Suggested Holdings List.

Broad participation is good news for the possibility of a continuation rally however, challenges lie ahead as we head into the historically weak period of September.

Next week's employment data will be particularly important given last month's sharp selloff on low numbers that sparked recession fears.

At this time, we suggest broadening exposure to include newer areas such as Medical and select Retail stocks that have moved back into favor.

Daily Chart of the Industrial Sector (XLI)



Industrials Outperform Amid Broad Rally

The Industrial Sector was among the top performing last week, led by beaten-down Transports such as Rails and Airlines. Building Material and Defense-related stocks also performed well.

This week, we are adding Comfort Systems (**FIX**) to our Suggested Holdings List. The company is the largest mechanical contracting firm in North America, as they design and install HVAC and electrical systems for data centers.

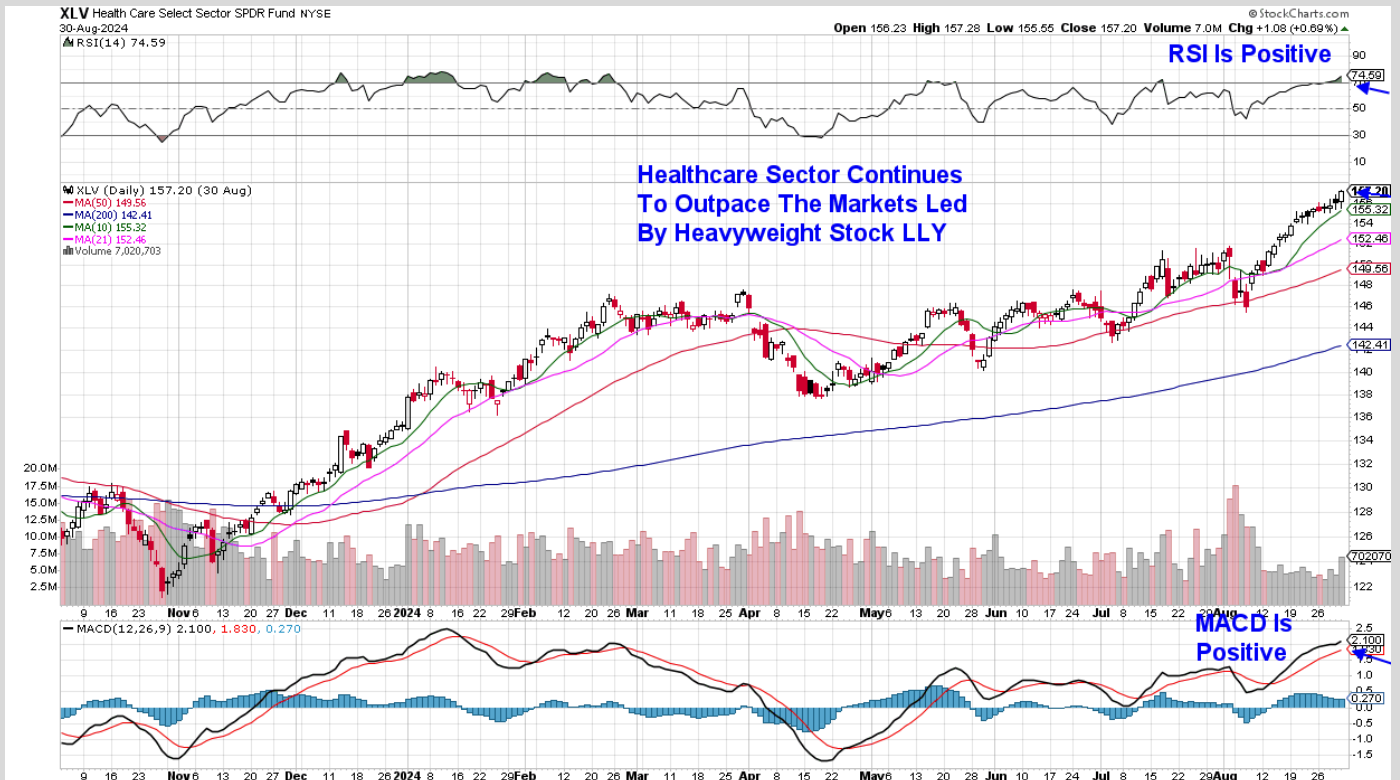
In their earnings call over a month ago, **FIX** management noted that AI-related activity was adding to their already solid pipeline. **FIX** is in a buy zone after last Friday's 4-month base breakout.

FTAI Aviation (**FTAI**) powered to another new high in price last week, with a 5% rally that followed a Wall Street price target upgrade to \$140. A pullback to the 5-day moving average has proven to be an ideal buy point. This would currently be in the \$124 range.

Heavy Construction stocks were also on the move last week with Fluor (**FLR**) gaining 1% as it moves closer to a possible 6-week base breakout at the \$52 level. The stock is in a buy zone.

XPO Logistics (**XPO**) did not fare well last week with an 8% selloff amid a lack of concrete news. Near term, the stock may rally after Friday's reversal day pushed the stock back above its 50-day moving average. However, given the percent decline from when **XPO** was added, we are removing it from our Suggested Holdings List.

Daily Chart of the Health Care Sector (XLV)



Healthcare Sector Gets Boost From Medical Products Group

The Healthcare sector is at another new high in price amid a rally in Medical Products and select Pharmaceutical stocks. This would include Intuitive Surgical (**ISRG**) which is close to regaining its prior week's new high in price.

The leader in robot-assisted surgery recently launched their latest system that leverages the power of AI and machine learning to improve surgeon accuracy. The stock is in a buy zone.

Pharmaceutical company Eli Lilly (**LLY**) rallied 1% amid news of a new, lower-cost version of their weight loss drug. The stock is in the throes of forming a 2-week flat base on lower-than-average volume. A close above the \$967 breakout level would put **LLY** into a strong buy zone.

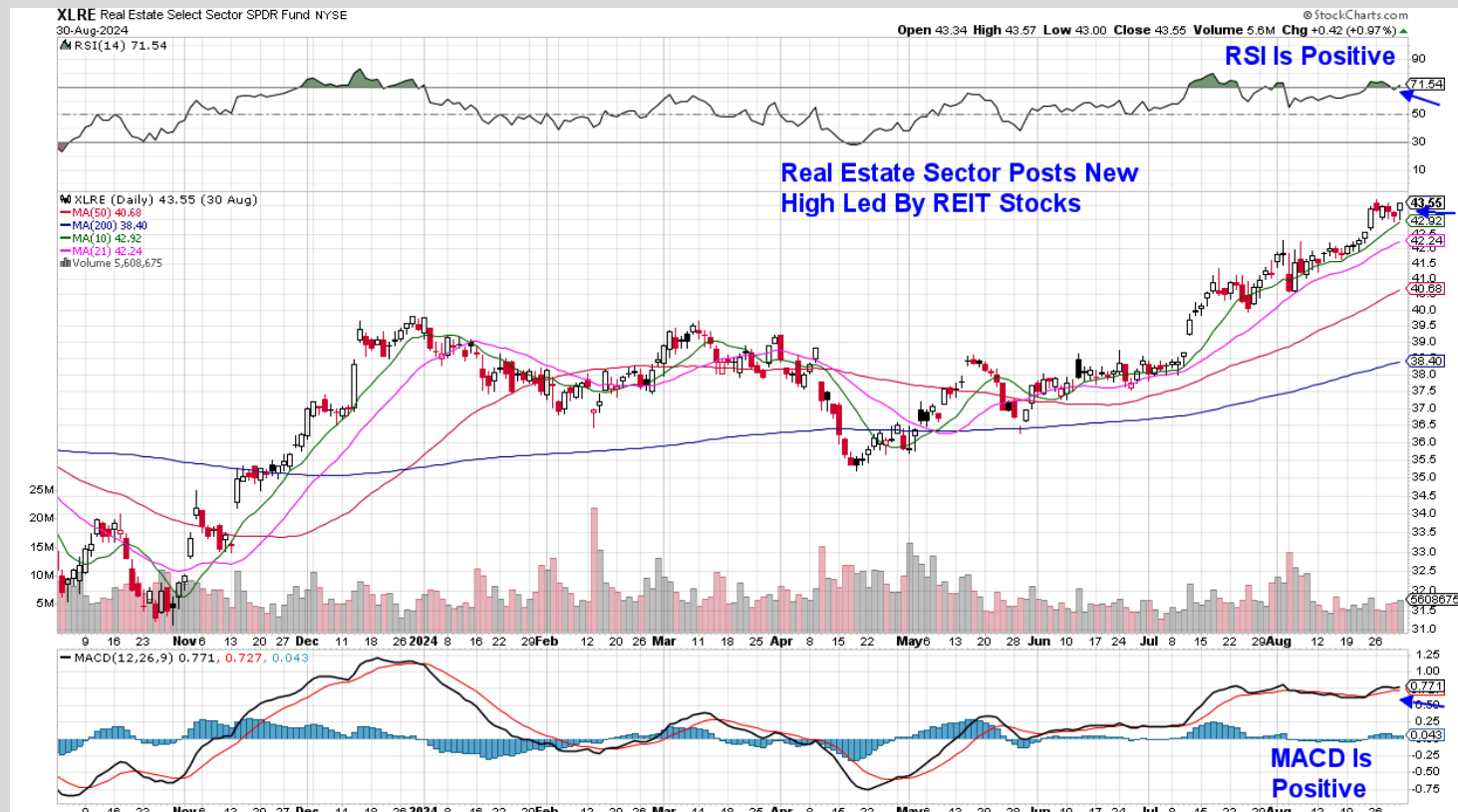
AbbVie (**ABBV**) pulled back slightly last week despite analysts raising their earnings estimates for this year and next. The company is continuing to expand their product line of drugs in oncology and immunology.

The 3.2% yielder can be bought on a move above the \$197 level at its 10-day moving average.

This week we are adding Boston Scientific (**BSX**) to our Suggested Holdings List. The developer of cardiovascular medical devices regained its \$80 base breakout level last Thursday, on above-average volume.

The breakout took place amid news that their updated aortic valve system was approved in the EU. **BSX** is in a buy zone as analysts raise their earnings estimates for both this year and next.

Daily Chart of the Real Estate Sector (XLRE)



Real Estate Stocks Remain In Uptrend Despite Underperformance

Real Estate stocks gained 0.4% for the week amid weakness in RE Services companies such as Zillow (**Z**) that dropped after Thursday's report that pending home sales fell 5% in July.

Select REIT stocks fared better, with National Storage Affiliates (**NSA**) gaining 2.6% for the week with a 2-month base breakout on Friday, that took place on above-average volume.

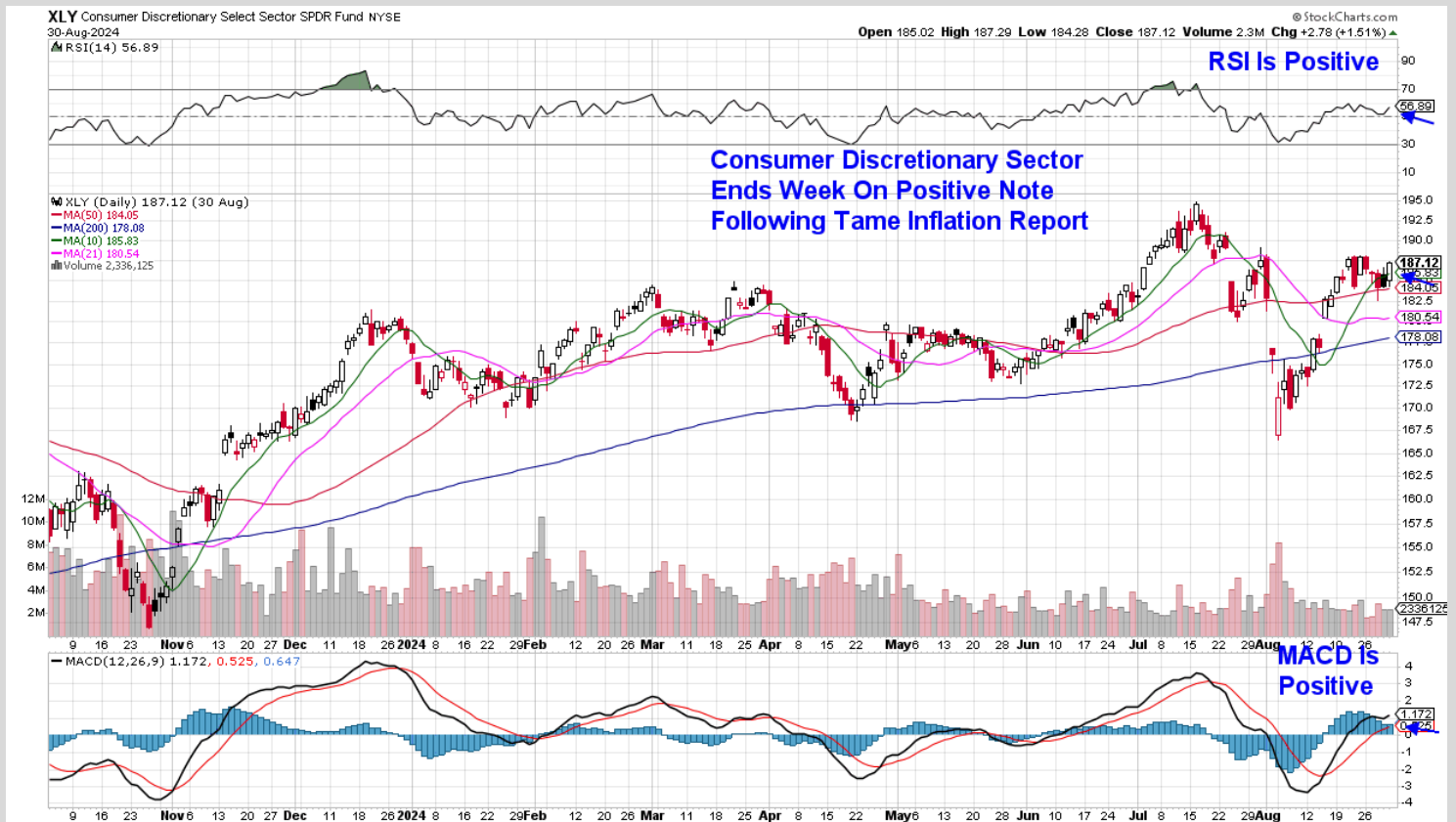
Last week's gain followed news that the company will be partnering with Solar Landscaping which will lease 8.5 million square feet of **NSA's** rooftops to generate solar power. They will make monthly lease payments to **NSA**. The 4.8% yielder is in a strong buy zone.

Equity Residential (**EQR**) also outperformed, and the stock remains in a confirmed uptrend as it finds support above its upward-trending 5-day moving average. They are the largest multi-family REIT in the U.S. with a strong presence in CA coastal markets, which have favorable long-term demographic trends.

EQR can be bought on a pullback to its 5-day simple moving average in the \$74 range however, the RSI is now overbought on both the daily and weekly charts and we are anticipating a period of consolidation which would present an even better entry.

Prologis (**PLD**) is in a strong buy zone after the stock recovered from a pullback to its 21-day moving average and closed the week back above its 5-day moving average.

Daily Chart of the Consumer Discretionary Sector (XLY)



Consumer Discretionary Sector Is Among Weakest

Discretionary stocks pulled back 0.4% last week, led lower by a sharp pullback in Retailers such as Abercrombie and Fitch (**ANF**) and Gap (**GAP**) which faltered despite reporting earnings that were ahead of estimates.

Not all consumer-facing stocks were weak however, with Ferrari (**RACE**) gaining 2.7% for the week. The stock continues to display upside momentum since its early August report of improving profits, while upgrading their growth outlook going forward.

RACE is in a confirmed uptrend and can be bought on any pullback in the \$489 range at its 5-day moving average. The RSI is in an overbought position however, and we are using the early

November 2023 as well as the early February periods as precedence, as the stock experienced a similar gap up on earnings into an uptrend.

A close of **RACE** below its shorter-term 5 and 10-day moving averages, coupled with an RSI heading downward, would signal at least a pause. Longer term however, the stock remains quite constructive as the weekly chart is positive.

Walmart (**WMT**) ended the week on a strong note with a rally on above-average volume that puts the stock at a new high in price. **WMT** is in a confirmed uptrend however, the RSI on the daily chart is quite overbought as it is above 80.

We are using the similar “gap-up on earnings” period from early May as precedence, where the stock remained in an uptrend for 10 weeks before its July pullback with the markets. **WMT** is in a buy zone in the \$76 range at its 5-day moving average.

Deckers (**DECK**) pulled back amid general weakness in footwear stocks following Birkenstock (**BIRK**)’s 21% decline despite reporting record sales.

DECK had a bullish close for the week however, after a Friday rally pushed the stock back above its shorter-term moving averages. The stock is in a buy zone as it moves closer to a possible \$980 cup with handle base breakout.

Wingstop (**WING**) pulled back sharply on Wednesday, amid a rumor that famed short seller Hindenburg Research may release a negative report. While the rumor was unfounded, **WING** closed the week below its 50-day moving average.

The RSI and MACD are in positive territory however, and a close above its 10-day moving average in the \$390 range would put **WING** into a buy zone. Analysts are upgrading earnings estimates for both this year and next.

Homebuilders posted an orderly pullback to their 10-day moving average following their outsized gains the prior week. (using ETF XHB)

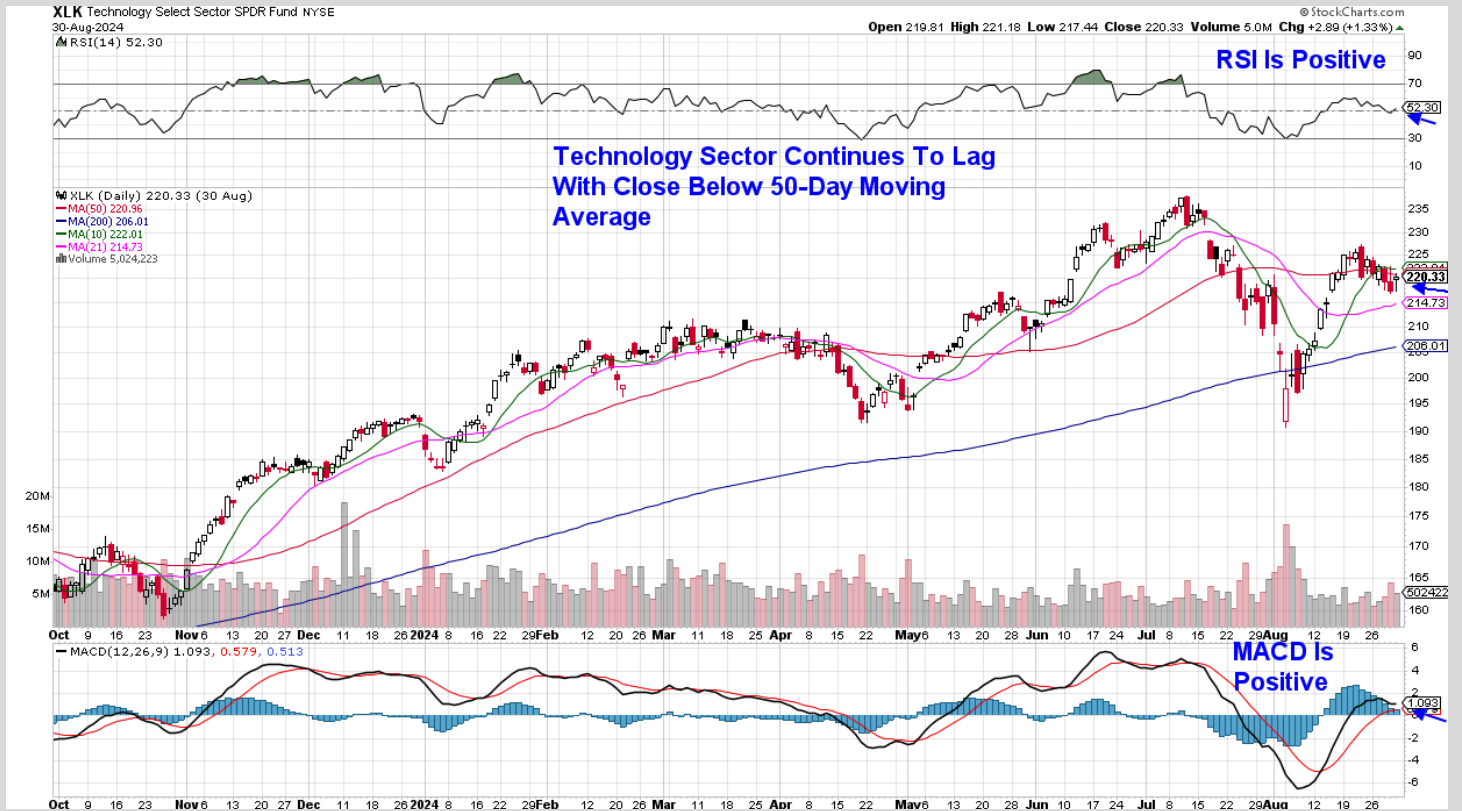
Toll Brothers (**TOL**) posted a similar pullback to its 10-day moving average, before a Friday rally on volume put the stock into a strong buy zone after it closed above its 5-day moving average.

This week, we are adding SharkNinja (**SN**) to our Suggested Holdings List following Friday’s 1-month base breakout on volume. The maker of home appliances provides high-quality products that are priced below premium levels and they just reported strong earnings 3 weeks ago.

SN also boasts a fast production cycle with more than 1,000 engineers globally that can launch new products quickly. The stock can be bought on any slight pullback.



Daily Chart of the Technology Sector (XLK)



Technology Sector Is Worse Performing

The Tech sector was pulled lower, led by a 7.7% decline in Nvidia (**NVDA**) which fell despite reporting quarterly results that were ahead of estimates.

NVDA closed the week just below its 50-day moving average with a negative RSI which means it is not in a buy zone but instead, can be held. A close back above its 10-day moving average in the \$124 range, coupled with a bullish RSI, would put the stock into a buy zone.

However, a close below the 21-day moving average which is 1.6% away would be a negative, as the next area of possible support is the early August lows which is ~20% away.

The longer-term weekly chart remains constructive, as the RSI is above 50. On any possible pullbacks in **NVDA**, we will want this to continue to be the case as a negative RSI on the weekly signals a more pronounced downtrend.

The Semiconductor group overall pulled back, with a 1% decline that keeps this group below its 50-day moving average. (using ETF SOXX). While the RSI is positive, the MACD remains negative. The mixed picture has us near-term cautious on the prospects for most Semis.

Cirrus Logic (**CRUS**) closed the week up almost 1% and the stock is now above its \$143 base breakout level. The stock is in a bullish position to trade higher however, group dynamics would have us adding to the stock lightly.

Monolithic Power (**MPWR**) ended the week above its 10-day simple moving average which is constructive. A close above its recent high of \$959 would put **MPWR** into a buy zone - keeping group dynamics in mind.

Broadcom (**AVGO**) pulled back 2% however, the stock bullishly closed the week back above its 50-day moving average with a positive RSI and MACD.

AVGO can be held as the company is due to report their earnings on Thursday.

Software stocks remain in an uptrend (using IGV), with top-weight stock Adobe (**ADBE**) closing the week up over 2.5% ahead of the release of their earnings later this month.

monday.com (**MNDY**) gained 1% for the week in a move that puts this stock back above its 5-day moving average. The gain followed the company release of strong earnings in early August and it's now in a buy zone.

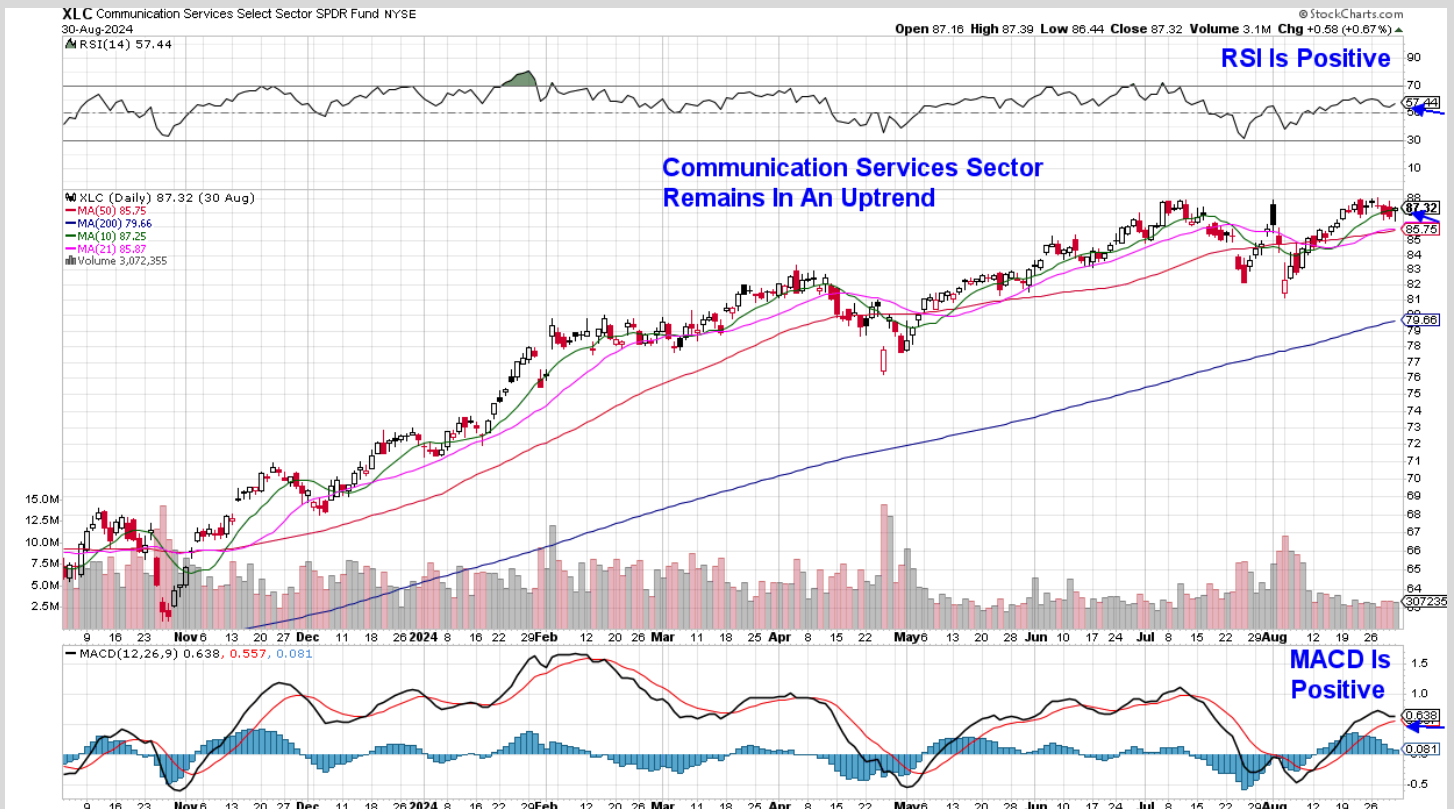
Palantir (**PLTR**) is in a similarly bullish position above its 5-day following the release of strong earnings in early August. The stock is in a buy zone.

Apple (**AAPL**) gained 1% amid news that the company is in talks to invest in OpenAI alongside Nvidia. The stock is in a confirmed uptrend however, the near-term momentum is not trending upward similar to the May into July period.

A move back into AI-related stocks would help **AAPL** regain its ability to outperform. Until then, the stock can be held.



Daily Chart of the Communication Services Sector (XLC)



Communication Services Sector Remains In An Uptrend

It was a mixed week for Communication Services heavyweights as Alphabet (**GOOGL**) remains in a downtrend as it continues to struggle to regain its late June uptrend.

Meta Platforms (**META**) pulled back as well last week, with a 1.3% decline that puts this stock at its 21-day moving average with a positive RSI and MACD. A close above its 10-day moving average in the \$525 range would put the stock into a strong buy zone.

The company has been struggling of late, as investors reconsider the near-term potential for AI-related products. **META** has the advantage of

producing revenues from a strong market for social media advertising on both Facebook and Instagram.

While the stock is in a buy zone, a close above \$525 - its 10-day moving average - would put **META** into a strong buy zone.

This week we are adding Netflix (**NFLX**) from our Long Term Buy and Hold list as the stock sets up for a possible 2-week base breakout at \$711. The company has asserted itself as the dominant paid global streaming player amid solid subscriber growth.

NFLX is in a buy zone.

Summary

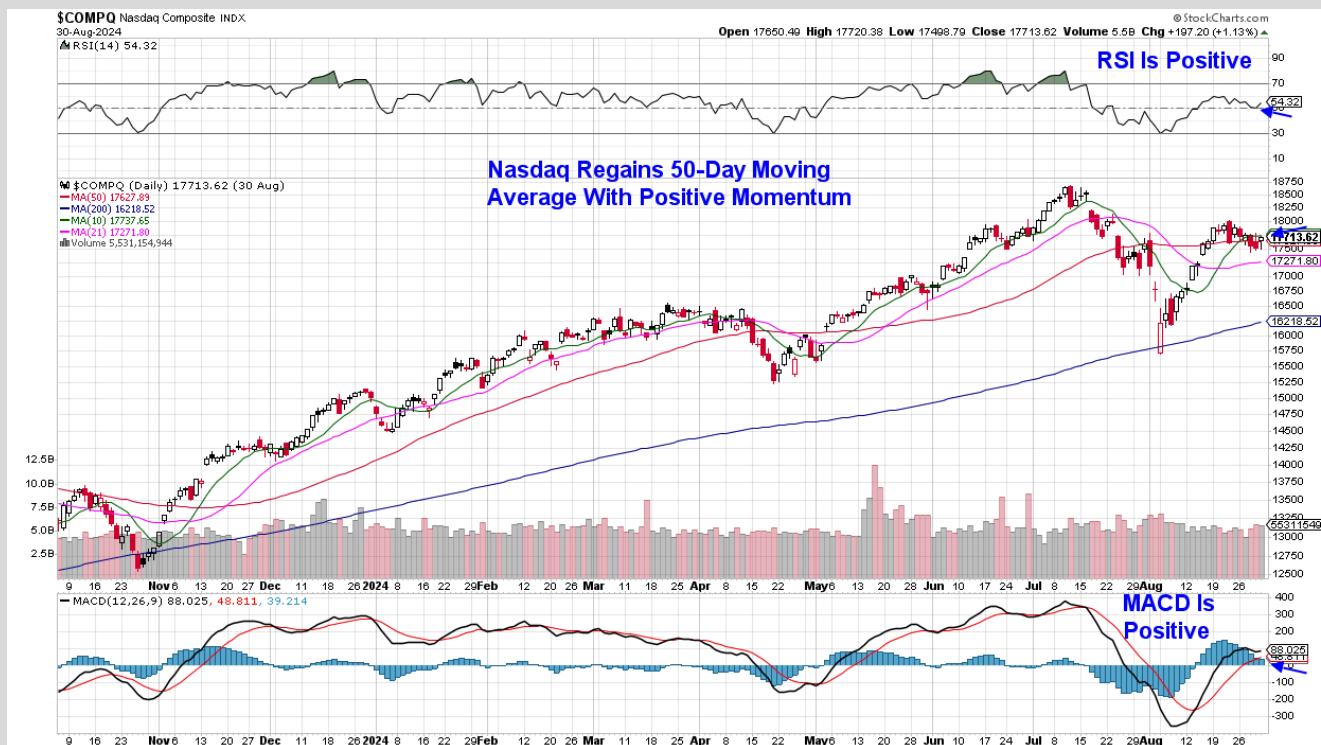
The markets are in a confirmed uptrend amid a growing economy and expectations of easier Fed policy. However, the next 2 months leading into the November election has historically been challenging for stocks due to higher volatility and lower returns.

The recent move into newer areas such as Healthcare and REITs can be favored as they are defensive in nature yet are seeing growth. Technology stocks continue to lag, and we would keep new positions in this area light until we see renewed interest in bellwether stock **NVDA**.

While investor's focus will be on Friday's employment report next week, key earnings data will also be watched such as Broadcom (**AVGO**), Dick's Sporting Goods (**DKS**) and Zscaler (**ZS**) to name just a few.

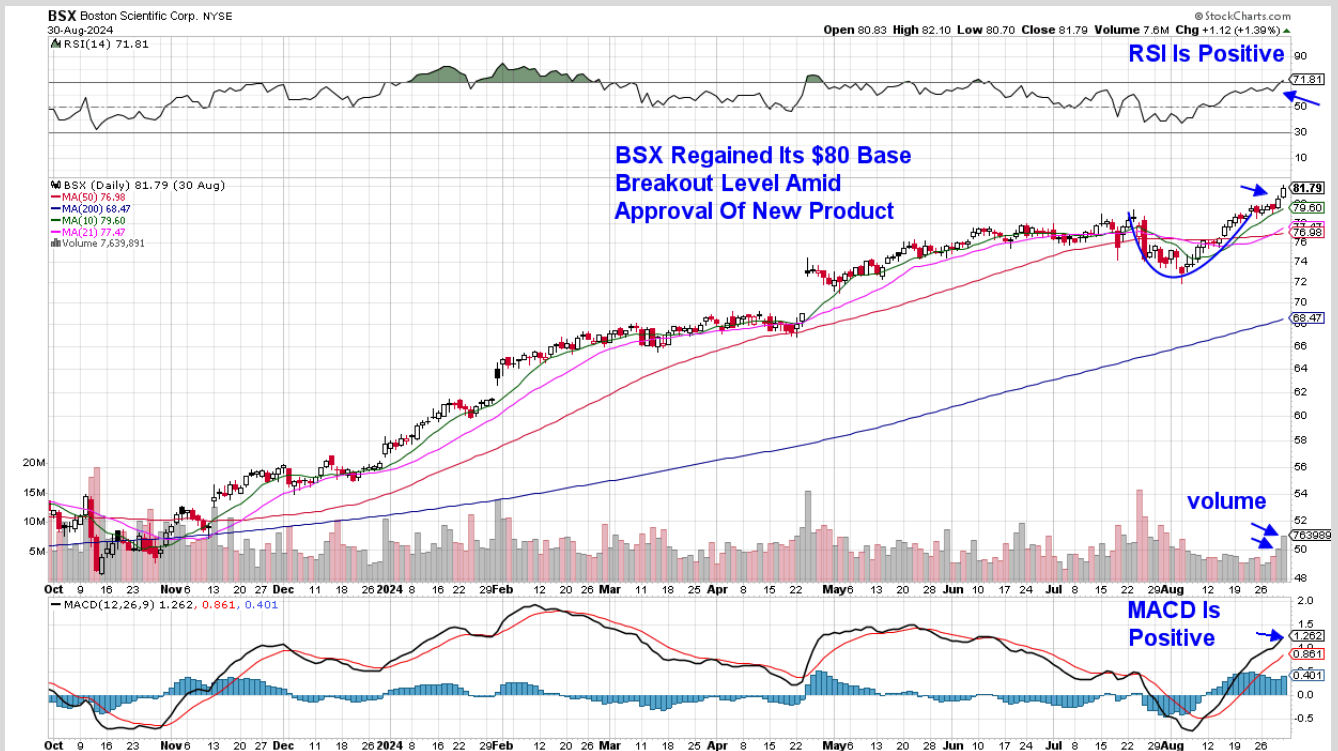
Charts We Are Watching:

Daily Chart of the Nasdaq Composite (\$COMPQ)

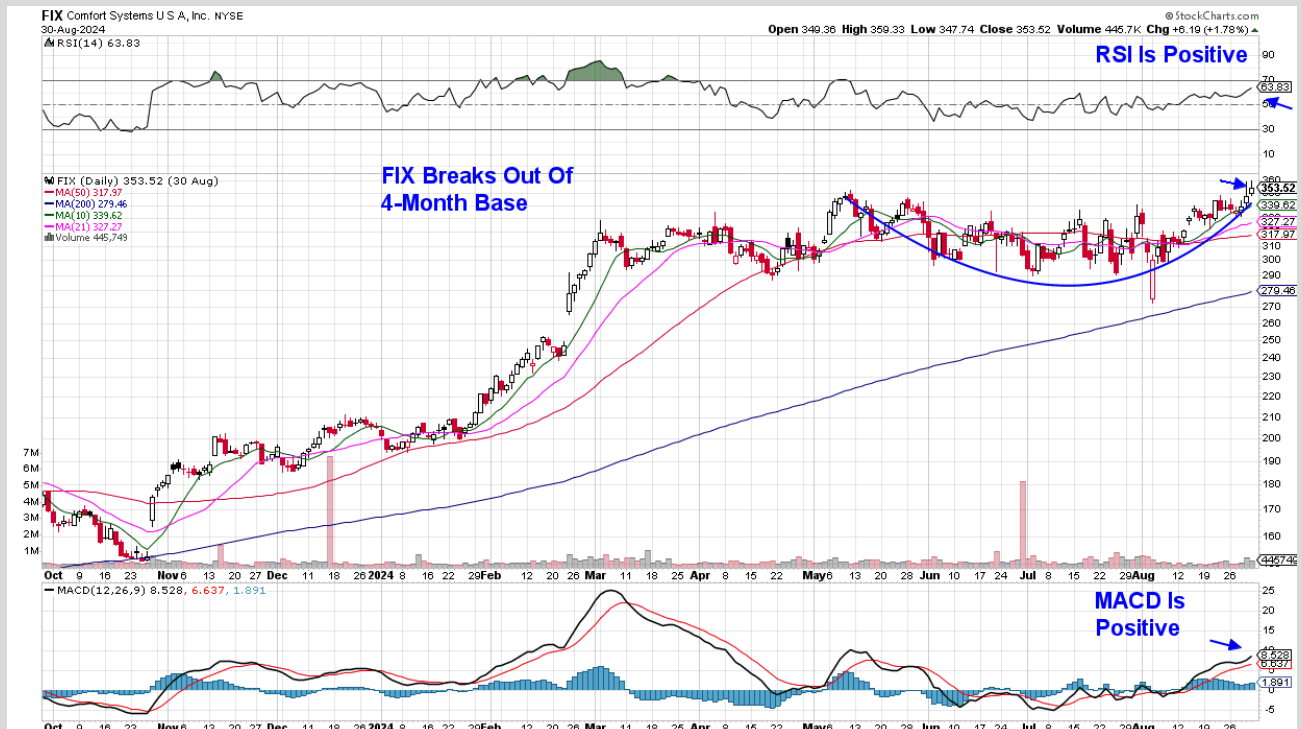


New Idea Charts:

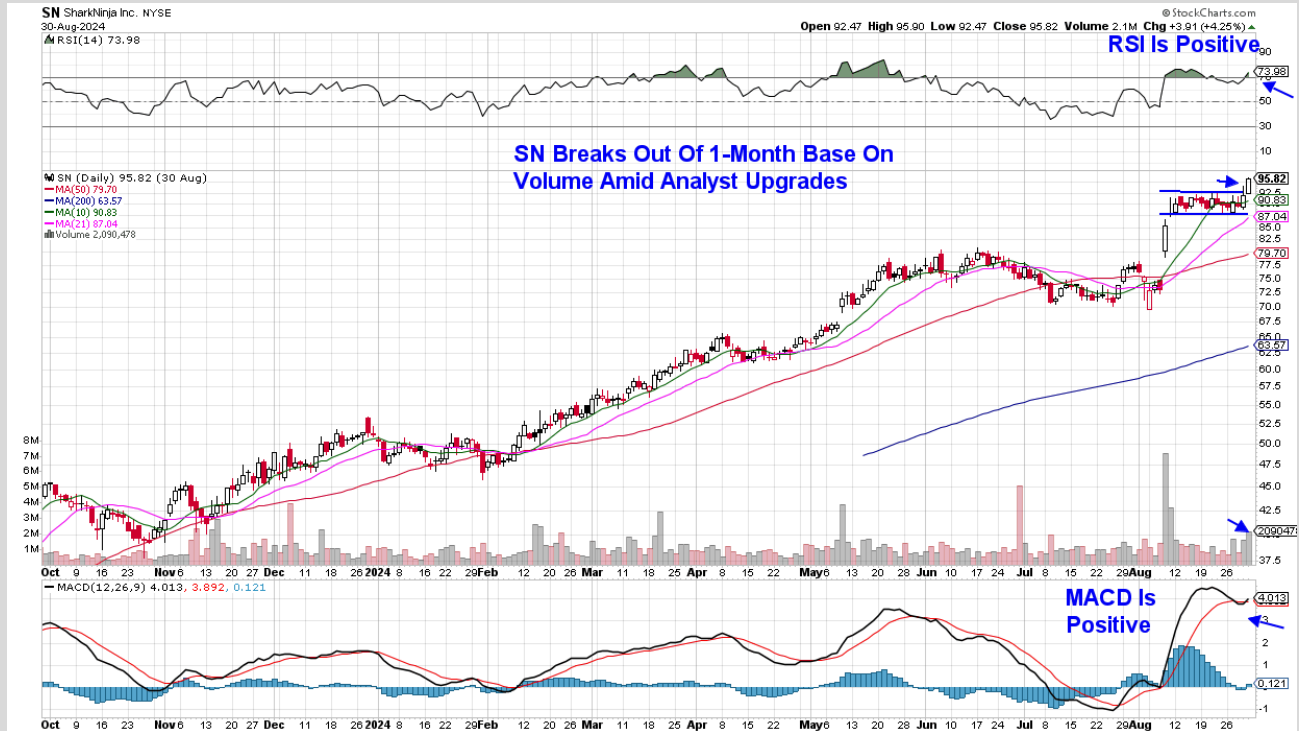
Daily Chart of Boston Scientific Corp. (BSX)



Daily Chart of Comfort Systems USA, Inc. (FIX)



Daily Chart of SharkNinja Inc. (SN)



Daily Chart of Netflix, Inc. (NFLX)



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					
DECK	Deckers Outdoor	\$947.50	8/15/2024	1.5%	
RACE	Ferrari	\$459.70	8/18/2024	8.0%	
SN	SharkNinja	\$95.80	9/2/2024		
TOL	Toll Brothers	\$139.50	7/27/2024	6.5%	
WING	Wingstop	\$403.90	8/11/2024	-4.0%	
WMT	Walmart	\$72.90	8/15/2024	5.5%	

REAL ESTATE					
NSA	National Storage	\$44.20	7/21/2024	6.5%	
PLD	Prologis	\$123.80	7/21/2024	2.5%	
EQR	Equity Residential	\$16.50	7/21/2024	7.5%	

INDUSTRIAL					
FIX	Comfort Systems USA	\$353.50	9/2/2024		
FLR	Fluor Corp.	\$43.40	6/2/2024	17.5%	
FTAI	FTAI Aviation	\$58.00	3/17/2024	99.0%	
XPO	XPO Logistics	\$125.10	8/25/2024	-8.0%	

HEALTHCARE					
ABBV	AbbVie	\$185.10	7/28/2024	6.5%	
BSX	Boston Scientific	\$81.80	9/2/2024		
ISRG	Intuitive Surgical	\$598.80	5/19/2024	26.5%	
LLY	Eli Lilly	\$891.70	8/11/2024	8.0%	

TECHNOLOGY					
AAPL	Apple	\$221.70	8/13/2024	4.0%	
AVGO	Broadcom	\$165.70	8/18/2024	-1.5%	
CRUS	Cirrus Logic	\$137.70	8/13/2024	6.0%	
MNDY	Monday.com	\$263.40	8/18/2024	1.0%	
PLTR	Palantir	\$32.10	8/18/2024	-2.0%	
MPWR	Monolithic Power	\$867.80	8/13/2024	8.0%	
NVDA	Nvidia	\$116.10	8/13/2024	5.5%	

COMMUNICATION SERVICES					
META	Meta Platforms	\$531.50	8/13/2024	-1.0%	
NFLX	Netflix	\$701.40	9/2/2024		

Longer Term Hold Candidates That Were Removed From Suggested Holdings List

SYMB	COMPANY NAME	CURRENT STATUS
MSFT	Microsoft	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

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.