



THE MEM EDGE

Midweek Report

Wednesday, September 11, 2024

Economic Data Reported This Week:

- Core CPI Shows Inflation Picking Up in August

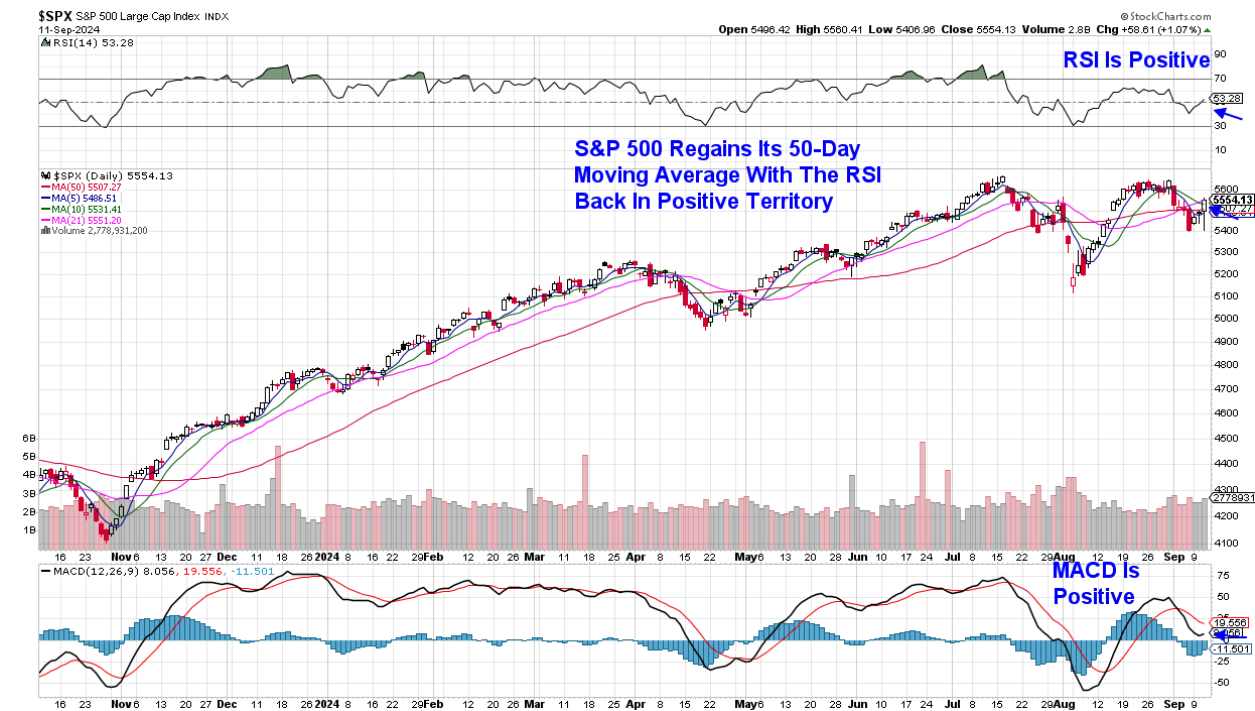
Market Developments This Week:

- S&P 500 Regains Its Uptrend
- Volatility Index Falls To 18
- Yield On 10-Year Treasury Drops To 3.6%
- Software Stocks Turn Positive
- Bank Stocks Stumble Amid CEO Warnings

Upcoming Economic Data:

- Producer Price Index Due Tomorrow
- Consumer Confidence on Friday
- FOMC Interest Rate Policy Decision Next Wednesday

DAILY CHART OF S&P 500 INDEX





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The S&P 500 has gained 2.7% this week, with a rally today that puts this Index back above its 50-day moving average. The RSI has regained its positive position as well, and coupled with a positive MACD, the near-term uptrend in the S&P 500 is back in place.

The Equal Weighted S&P 500 is up only 1% however, which points to the fact that overweight Magnificent 7 stocks are outperforming.

The Nasdaq has gained 4.2%, led by a 13.5% rally in heavyweight stock Nvidia (NVDA). A rally in other Semiconductors also gave this Index a boost as did a 3.4% rally in Software stocks. (using SOXX and IGV respectively).

While the Nasdaq has recovered a large part of last week's pullback, the Index remains below its 50-day moving average with a negative MACD on the daily chart. This keeps the near-term downtrend in place.

The longer-term weekly charts for both the S&P 500 and Nasdaq remain in an uptrend - keeping their longer-term outlooks positive.

Nvidia's rally was boosted by a strong AI-driven earnings report from Oracle (ORCL) today, which reminded investors that demand for their AI-related chips should remain strong. Bullish comments from NVDA CEO, Jensen Huang, also helped push the stock higher.

While the RSI is now in positive territory for NVDA, the stock remains below its 50-day moving average with a negative MACD. As noted on Sunday, the longer-term outlook for NVDA remains constructive.

Other Semiconductor stocks traded higher as well, led by AI-related chip stocks such as Broadcom (AVGO). However, the group remains in a downtrend as SOXX is below a downward trending 50-day moving average with a negative RSI and MACD.

Software stocks have rallied 3.4%, in a move that has this group regaining its uptrend with a positive RSI and MACD coupled with a close above each of its moving averages.

Among large-cap Software names, Palantir (**PLTR**) from our List is the top performing following news that the stock is being added to the S&P 500 Index. **PLTR** gained 15% which pushed the stock out of a 3-week base on heavy volume. **PLTR** is in a buy zone.



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The Technology sector is the top performing this week, with a 6.5% rally that's pushed the RSI back into positive territory on the daily chart. The sector remains below its 50-day moving average however, with a positive RSI and a negative MACD. The mixed signals

Consumer Discretionary stocks are the next top performing, led by a 7.5% rally in Amazon (AMZN) after the company announced good news at an investor conference. In addition, Oracle announced a new joint cloud product with AMZN which is expected to boost sales.

An 8.3% rally in Tesla (TSLA) also gave this sector a boost.

Among Retail stocks on our List, SharkNinja (**SN**) has gained 4.5% in a move that puts this stock at a new high in price and in a confirmed uptrend after closing above its upward trending 5-day moving average. **SN** can be bought in the \$97 range.

Walmart (**WMT**) is also sitting at a new high in price following its 2.8% rally. The stock is in a confirmed uptrend and can be bought in the \$78 range at its 5-day moving average.

Ferrari (**RACE**) has regained its 21-day moving average in a bullish move. The stock can be nibbled on here however, a close above its 10-day moving average (~\$481) would confirm its buy zone status.

Toll Brothers (**TOL**) also regained its 21-day moving average and the stock is trading in line with its group. (using ETF XHB). **TOL** can be held.

Real Estate stocks are trading in line with the markets however, REIT stock Equity Residential (**EQR**) is outperforming after a Wall Street price target upgrade yesterday to \$83. The report cited **EQR**'s coastal property exposure as a strong positive. **EQR** is in a buy zone.

Prologis (**PLD**) is also in a buy zone after a Wall Street upgrade. Both **EQR** and **PLD** presented at Bank of America's REIT conference yesterday.

The Industrial sector recovered from a pullback below its 50-day moving average which keeps its near-term uptrend intact. The sector remains quite mixed however, with building-related stocks continuing to underperform.

Aerospace Defense stocks are performing in line with the markets with FTAI Aviation (**FTAI**) regaining a positive RSI. A close above its 10-day moving average at \$118.5 range would put the stock back into a buy zone.



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While Healthcare stocks are underperforming, Intuitive Surgical (**ISRG**) has regained its uptrend after a 4% rally has put the stock back above its 10-day moving average. The gain has taken place on above-average volume which points to further upside as it is under accumulation. **ISRG** is in a buy zone.

Eli Lilly (**LLY**) and AbbVie (**ABBV**) are trending mostly sideways and the stocks can be held. A close above their 10-day moving averages would put these stocks into a buy zone. Boston Scientific (**BSX**) remains in a confirmed uptrend and can be held.

Netflix (**NFLX**) has inched into a buy zone after a 2.5% rally has put the stock just above its 10-day moving average. A move closer to its recent \$711 breakout level would put the stock into a strong buy zone.

This week's rally has been led by a sharp outperformance in heavyweight Magnificent 7 stocks that has pushed Amazon (AMZN) and Tesla (TSLA) back into an uptrend amid renewed interest in AI-related stocks.

Tomorrow after the market's close, Adobe (ADBE) is due to report earnings and growth among the company's AI-related products will be closely watched.

In addition to the S&P 500 regaining its uptrend, the Volatility Index (\$VIX) has fallen below the 18 level which points to reduced fear among investors. This is good news for investors and we anticipate adding stocks to our Suggested Holdings List as participation broadens out.

Warmly,
Mary Ellen McGonagle
Editor, MEM Edge Report



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DAILY CHART OF NASDAQ COMPOSITE

