



THE MEM EDGE

September 15, 2024 | Weekly Report

Economic Data Reported Last Week

- Core CPI Shows Inflation Picking Up In August
- Weekly Jobless Claims Inch Higher
- Core PPI Data Signals Slowdown In Inflation
- Consumer Confidence Rises To 4-Month High

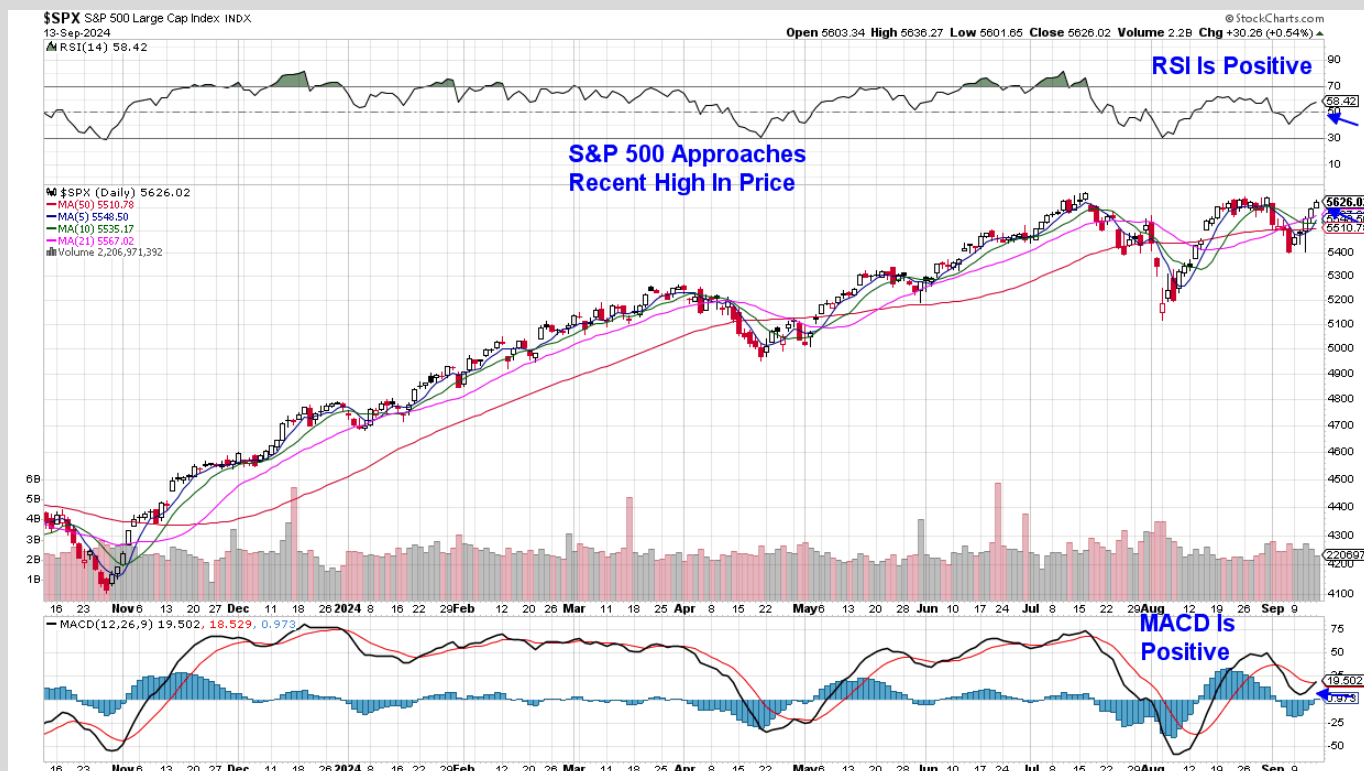
Market Developments This Week

- Nasdaq Closes Above Its 50-Day Moving Average
- S&P 500 Remains In An Uptrend
- Gold Hits A New High In Price Amid Rate Cut Hopes
- Volatility Index Falls To 16.5

Upcoming Economic Data

- FOMC Interest Rate Policy Decision Next Wednesday
- Housing And Retail Sales Due Tuesday And Wednesday
- Federal Express (FDX) Due To Report Earnings Thursday

Daily Chart of S&P 500



The S&P 500 gained 4% last week which had this Index largely recovering its losses from the prior week. On Wednesday, the S&P 500 moved back into an uptrend, on a day that started out weak but ended strong. The RSI also moved into positive territory, which put this Index back into an uptrend.

The longer-term uptrend remains in place.

From here, a close above its recent high of 5651 would be constructive while a close above its all-time high of 5669 from early July, would provide further confidence that this current uptrend can be sustained.

The Nasdaq closed back above its 50-day moving average on Thursday, and coupled with a positive RSI, it put this tech-heavy Index back into an uptrend. Last week's 6% gain in this Index was led by a sharp rally in heavyweight name Nvidia (**NVDA**) as well as other Semiconductor stocks.

Outperformance in most of the Magnificent Seven names also provided a big boost.

With the Nasdaq in a near and long-term uptrend, the next area of possible upside resistance is its recent high in price, which is 5.2% away. Growth stocks far outpaced value shares however, a broadening out developed as the week progressed so that economically sensitive areas came to life later in the week. This was after PPI data showed that inflation was weakening in the wholesale market.

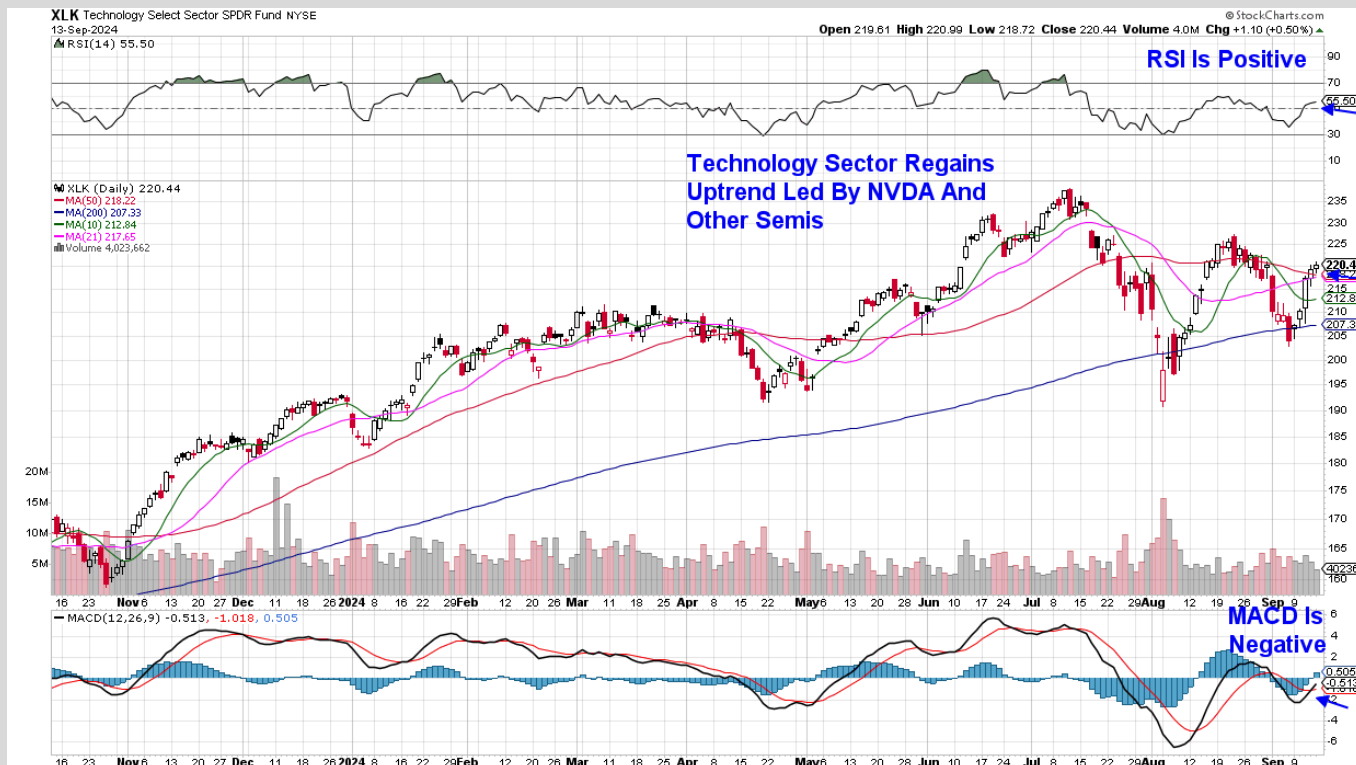
Ex Energy, each of the 11 sectors in the S&P 500 are now above their key 50-day moving averages and in an uptrend. Given the uncertainty that's lingering in the markets regarding the state of the economy, we suggest a broad based portfolio with both growth and value stocks.

In other developments, the Mortgage Bankers Association reported that the average 30-year fixed-rate mortgage fell to 6.29% - well below the 7.21% from a year ago. This midweek news gave Home Construction stocks a boost.

Next Wednesday, the Federal Reserve's FOMC meeting notes will be in focus, with close attention to be paid on comments regarding the state of the economy. At this time, traders are pricing in an almost equal chance of a 25 basis point cut and a 50 basis point reduction.

A more normalized 0.25% rate cut would be preferred, as a larger cut would imply the economy's in trouble and needs the Fed's help. While volatility spiked above 23 earlier this month, uncertainty in the markets remains recent enough that we may experience more should investors be disappointed with next week's FOMC meeting.

Daily Chart of the Technology Sector (XLK)



Technology Sector Leads Markets Higher With Sharp Rally

The Tech sector is back in an uptrend after regaining its uptrend on Thursday with a close above its 50-day moving average and a positive RSI on the daily chart.

Last week's 8% gain in this sector was led by heavyweight Nvidia (**NVDA**) which experienced most of its gains on Wednesday, following bullish comments from CEO Jensen Huang.

NVDA was added back to our Suggested Holdings List on Thursday, following a close above its 50-day moving average and the RSI turning positive. We did not see any follow through on Friday however, and while the stock is in a buy zone, we are on the lookout for a positive MACD to confirm its near-term uptrend.

NVDA's midweek rally was also spurred by a strong earnings report from Oracle (**ORCL**) who cited growth due to developments in their AI related divisions. CEO Ellison stated that the company now has 163 cloud data centers, with the largest one under construction providing access to "acres of Nvidia GPU clusters".

The comments sparked other AI-related chip companies to rally as well, such as, recently added Broadcom (**AVGO**) and Monolithic Power (**MPWR**) which we added back to our Suggested Holdings List on Thursday.

Both **AVGO** and **MPWR** rallied on above average volume and are now above each of their moving averages, with a positive RSI and MACD. This puts these stocks into a buy zone.

Chip stocks not as involved in AI lagged last week, so that the group is not in an uptrend. (using ETF SOXX)
This is primarily because standard chip sales have been relatively weak.

In addition to **ORCL**'s outsized move, other Software stocks outperformed as well last week led by names such as Palantir (**PLTR**). The stock soared 17.5% following news that it's being added to the S&P 500 Index.

The company's direct involvement in AI spurred the stock higher as well, and **PLTR** is in a strong buy zone as it finds support above its upward trending 5-day moving average.

Microsoft (**MSFT**) was added back to our Suggested Holdings List on Thursday following its close above its 50-day moving average with a now positive RSI and MACD.

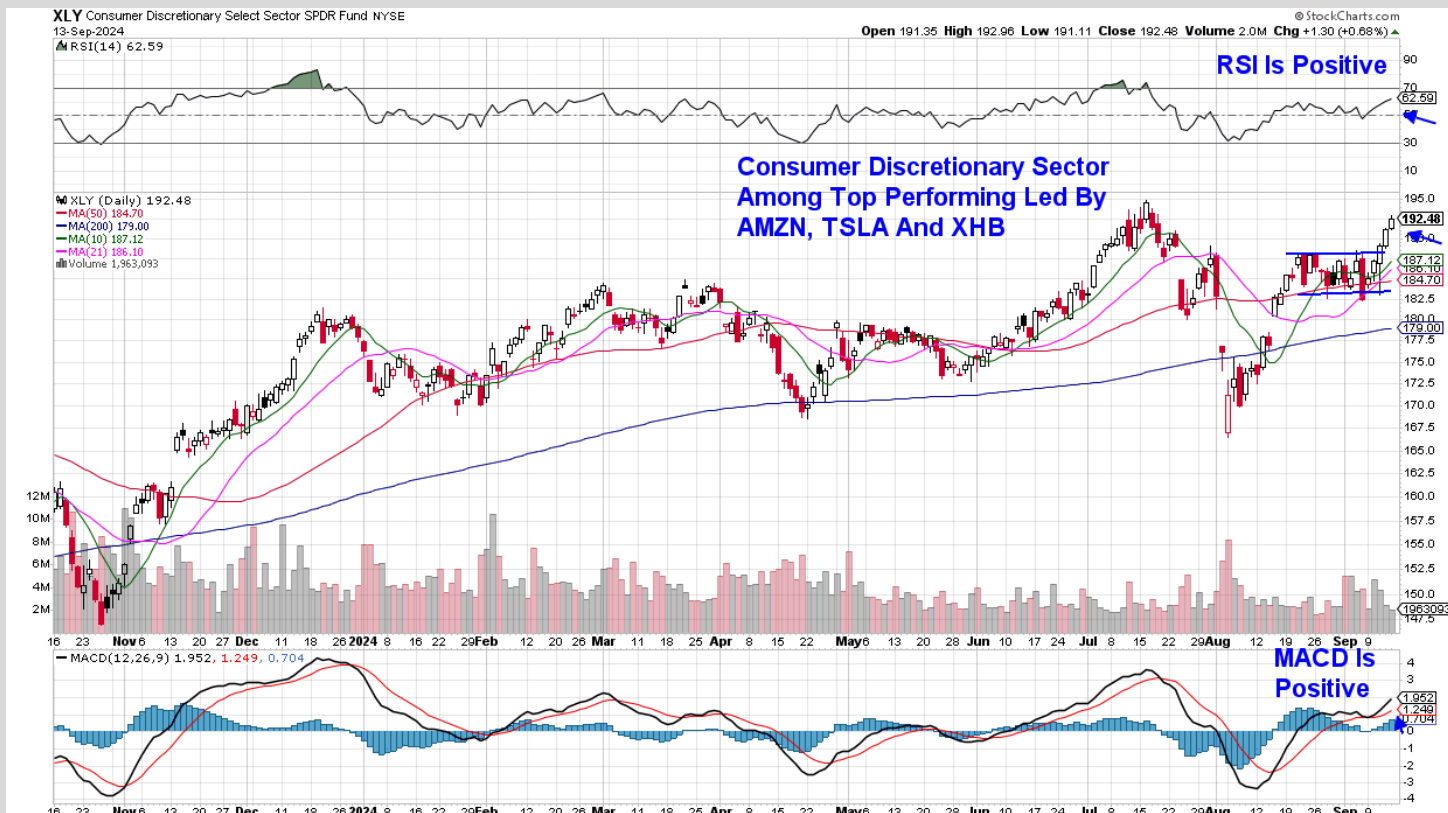
MSFT is a key player in artificial intelligence, as well as cloud computing and digital hardware. Last week's gains followed news that the company is slashing jobs in its Xbox division. More importantly, the company announced the hiring of GE's former CFO amid a further push into AI.

We are using **MSFT**'s downtrend reversal in early June as precedence and the stock is in a buy zone.

monday.com (**MNDY**) was also added on Thursday and the stock can be bought on a close above its 21-day moving average in the \$258 range.



Daily Chart of the Consumer Discretionary Sector (XLC)



Consumer Discretionary Sector Breaks Out Of 2-Week Base

The Consumer Discretionary sector outperformed last week, led by a 9% gain in heavyweights Amazon (**AMZN**) and Tesla (**TSLA**). Both stocks are heavily involved in AI-related projects which boosted their shares with the stocks now back in an uptrend.

Home Construction stocks also outperformed last week, following a late-week rally after it was reported that mortgage rates are in the 6.29% range - down 1% from a year ago. A tamer-than-expected inflation report on Friday also provided a big boost.

Toll Brothers (**TOL**) - which we added back to our Suggested Holdings List on Thursday - outperformed the group with a gap up on Friday that pushed the stock out of a 1-month base on heavy volume.

In addition, **TOL** posted a bullish MACD crossover on Friday which puts the stock into a buy zone.

SharkNinja (**SN**) is in a confirmed uptrend after breaking out of a 1-week base on Thursday. The manufacturer of home appliances is continuing to see its earnings estimates revised higher due to their quick-to-market turnaround of innovative, well-priced products. **SN** is in a buy zone.

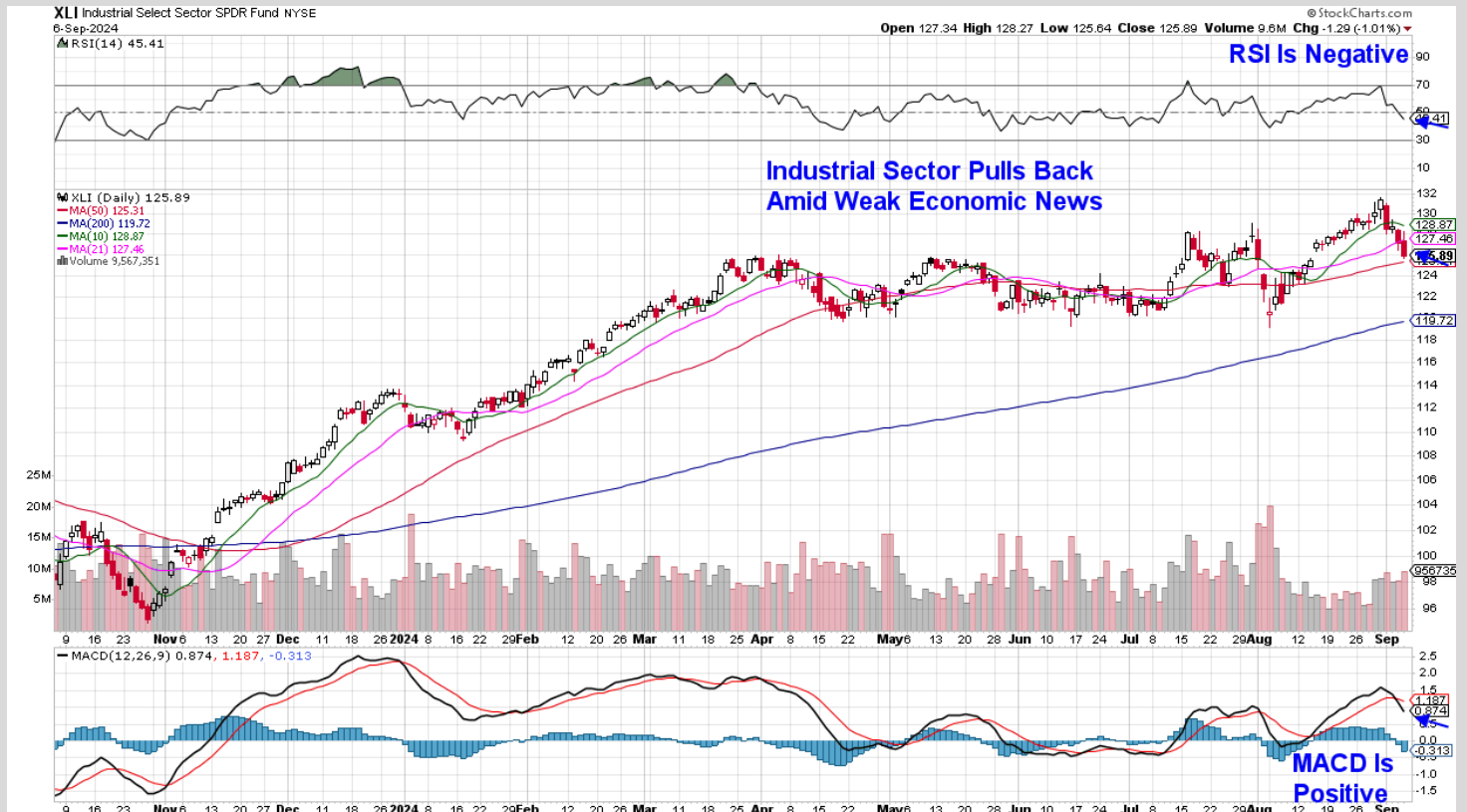
Walmart (**WMT**) also broke out of a shorter-term base last week, and the stock is in a confirmed uptrend as it is above its upward-trending 5-day moving average. **WMT** has a strong growth profile however, they are viewed as a defensive stock due to their product mix.

This makes the stock attractive however, the RSI is in an overbought position above 84 on the daily chart, which historically precedes a brief period of consolidation. **WMT** can be bought on any pullback.

Ferrari (**RACE**) remains below its 21-day moving average during a period of consolidation following its late August rally which put the RSI into an overbought position. **RACE** can be bought on a close back above its 10-day moving average in the \$477 range.



Daily Chart of the Industrial Sector (XLI)



Industrial Sector Gets Boost From Tame Inflation Data

The Industrial sector regained its 10-day moving average following Thursday's PPI report that came in below estimates.

PPI shows the output of industries including manufacturing and construction to name just two, and lower prices in these areas will boost sales among industrial companies.

Building and Construction-related stocks fared the best and this week we are adding Midcap company Granite (**GVA**) to our Suggested Holdings List following its Friday base breakout on above-average volume.

The company provides heavy construction services for roads, residential developments, and utilities to name just a few areas. **GVA's** rally last week followed news of a Phase 2 contract with the Utah Dept. of Transportation.

The stock is in a buy zone with the MACD posting a bullish crossover along with its base breakout on Friday.

We are also adding GE Aerospace (**GE**) after Friday's rally pushed the stock out of a base while also pushing the MACD into positive territory. **GE** can be bought on any pullback to the \$176 range at its base breakout level.

GE's jump in price was most likely due to Boeing's announcement of a strike on Friday which is expected to add to supply chain issues that have plagued the aerospace industry for some time.

Fewer new planes from Boeing means that older planes fly for longer and aerospace suppliers make more profits in the aftermarket than they do on new equipment. This has been the case for FTAI Aviation (**FTAI**) on our List.

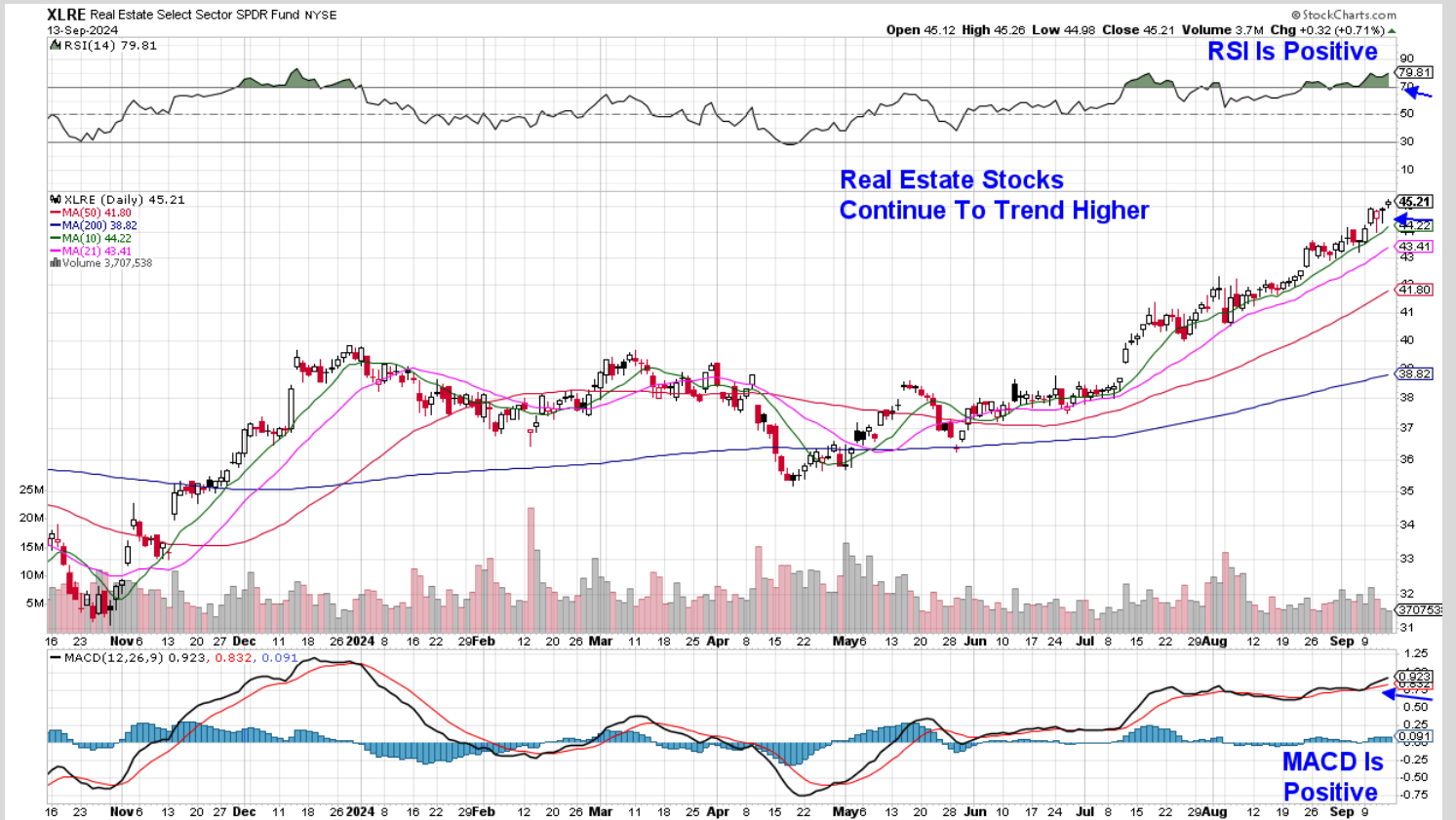
FTAI outperformed the markets with an 11.5% rally that puts the stock close to a possible \$128.5 base breakout level. Last week's above-average volume occurred later in the week and the stock remains in a buy zone above each of its shorter-term moving averages.

TransDigm Group (**TDG**) - which we added on Thursday - continues to move closer to a possible \$1381 base breakout. As noted, The company provides parts for nearly all aircraft currently in service for both military and commercial aviation. Demand remains strong in this area as evidenced by **FTAI's** continued advance. **TDG** is in a buy zone.

Next Thursday, Air Freight Transporter FedEx (**FDX**) will be reporting their results. The company's numbers and outlook are closely watched as a signal of economic activity.



Daily Chart of the Real Estate Sector (XLRE)



Real Estate Sector Remains In Confirmed Uptrend

A lower interest rate backdrop coupled with declining inflation gave the RE sector another boost as it continues to hit near-term highs.

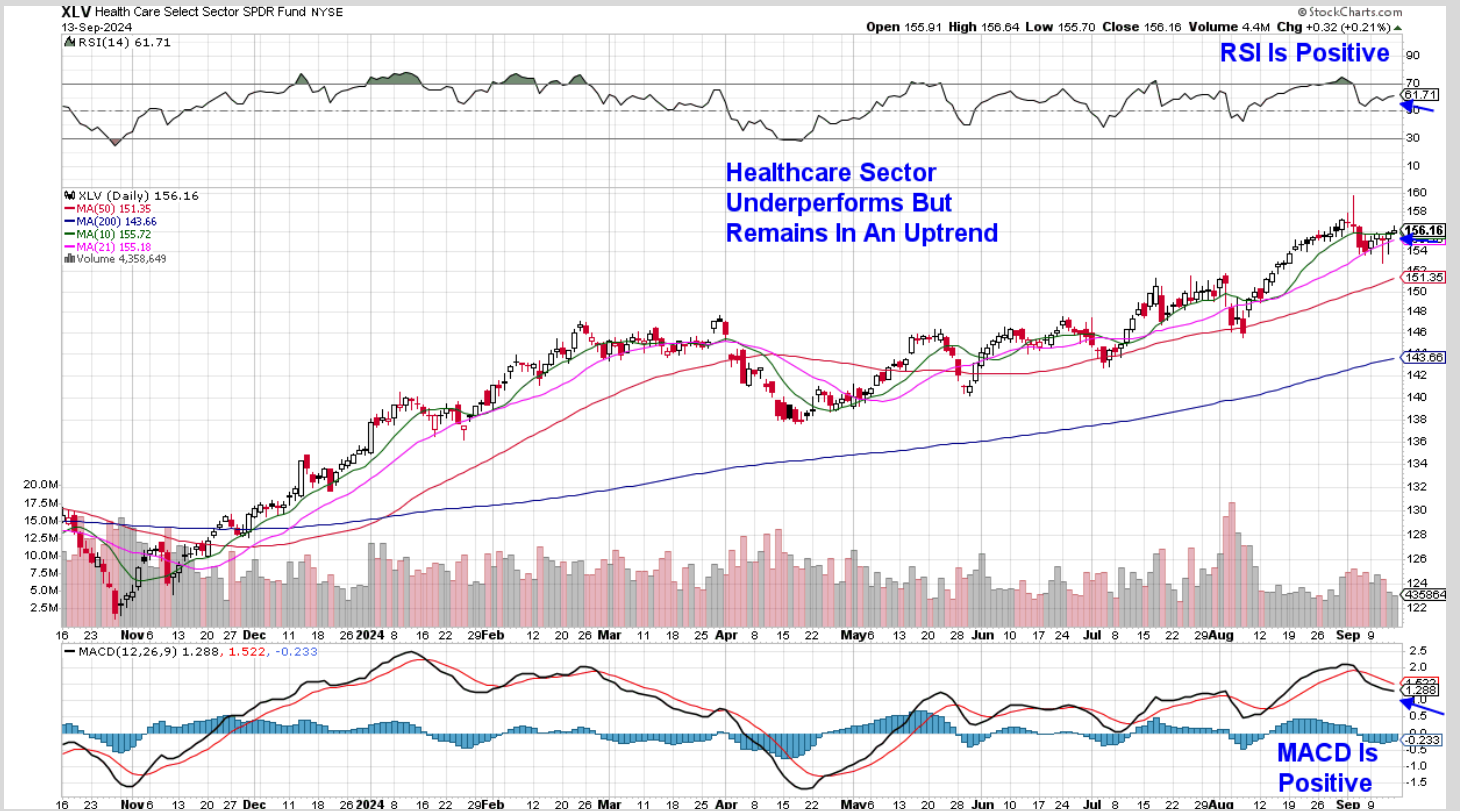
Among REIT stocks, residential-related stocks were among the top performers, led by stocks such as Equity Residential (**EQR**) from our List. The stock outperformed after a Wall Street price target upgrade on Tuesday to \$83.

The report cited the company's coastal property exposure as one of its strong positives. **EQR** is in a buy zone and can be bought in the \$77 range at its 5-day moving average.

National Storage (**NSA**) posted a more modest gain that keeps the 4.7% yielder in an uptrend above its 5-day moving average. The provider of storage units in the Sunbelt region is in a buy zone.

Prologis (**PLD**) also underperformed despite their move into providing data centers which are seeing growth. The stock pulled back slightly from its Wednesday base breakout however, the stock remains in an uptrend. A move back above its recent high of \$132.5 would put the stock into a buy zone.

Daily Chart of the Health Care Sector (XLV)



Healthcare Sector Among Weaker Areas

Healthcare stocks struggled last week as more defensive areas of the market lost their strong appeal. There were pockets of outperformance however, with higher growth areas such as Medical Products posting gains.

This would include names such as Intuitive Surgical (**ISRG**) which gained almost 4% for the week. The stock pulled back from a Thursday base breakout at the \$494 level and a close back above this price would put **ISRG** into a strong buy zone.

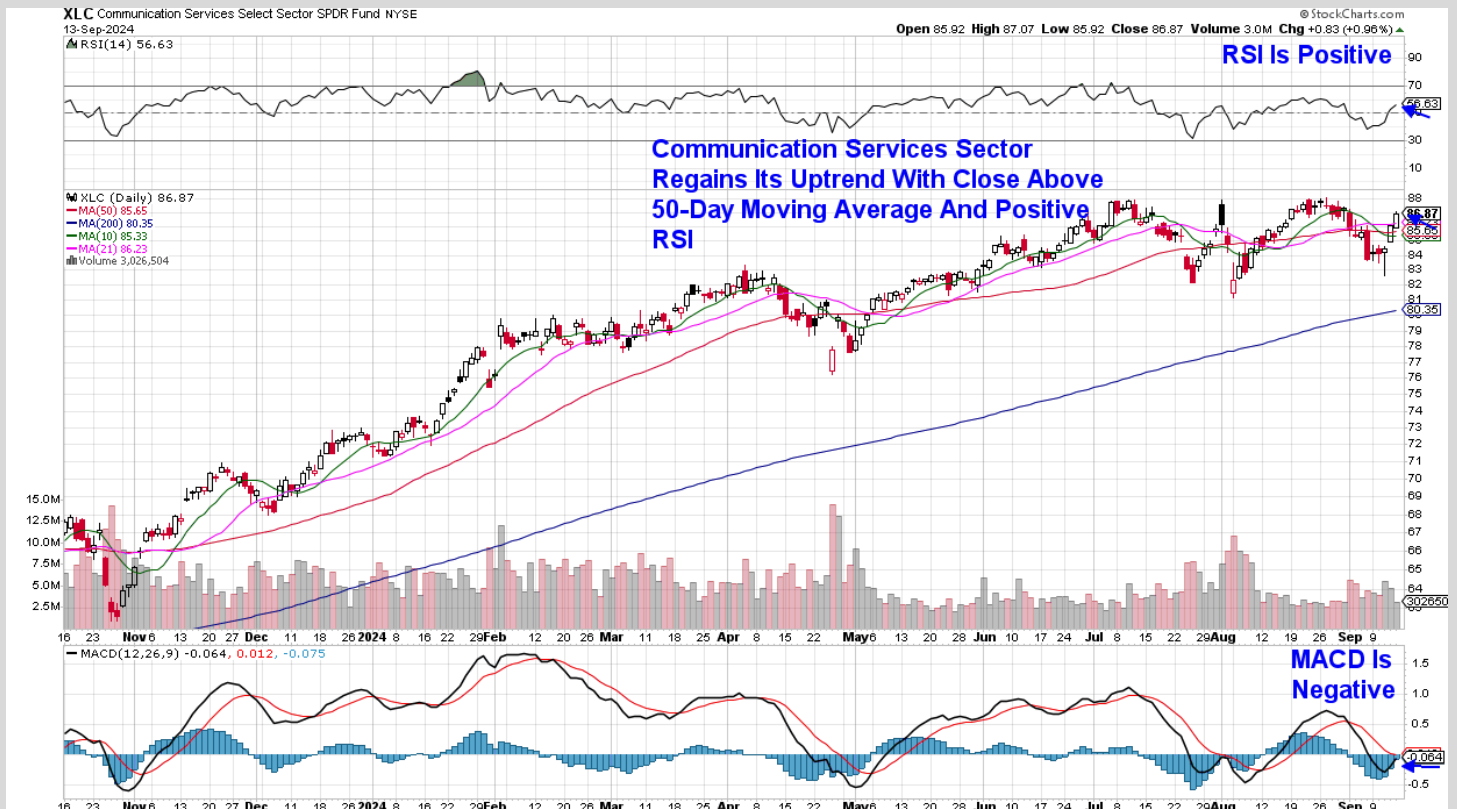
Boston Scientific (**BSX**) also outperformed the sector with a 2% gain that keeps the stock in an uptrend. The manufacturer of heart-related medical products is in a buy zone.

Large Pharmaceutical stocks have struggled of late however, Eli Lilly (**LLY**) gained almost 2.5% last week amid analyst upgrades to its earnings estimates for both this year and next.

The company continues to dominate the weight loss drug industry while developing other drugs that help with the treatment of Alzheimer's and Kron's disease to name just two. **LLY** can be bought on a close above its 21-day moving average in the \$935.5 range.

AbbVie (**ABBV**) has lost its near-term upside momentum as it is trading below its shorter-term moving averages despite earnings estimates being revised higher. A close above its 10 and 21-day moving average would put **ABBV** into a buy zone. For now, the stock can be held.

Daily Chart of the Communication Services Sector (XLC)



Communication Services Sector Regains Its Uptrend

Internet-related stocks gave this sector a boost with stocks such as Netflix (**NFLX**) outperforming the markets. The stock rallied 4.7% amid news that their ad revenue growth has recently accelerated and is outpacing other video platforms.

NFLX is in a strong buy zone as it approaches a possible \$711 base breakout level with the RSI and MACD in positive territory.

Analysts have been revising their earnings estimates higher for both this year and next.

Meta Platforms (**META**) from our long-term buy and hold list is quickly approaching a buy zone after closing above its 21-day moving average.

Last week, **META** was cited as the number one AI-related stock from a Wall Street firm. The company is being viewed as a leadership name in AI while also successfully navigating beyond AI to spatial computing. This is being seen as the next large opportunity in technology.

Zuckerberg's astute leadership was also cited due to his ability to navigate major challenges successfully. A bullish MACD crossover on the daily chart would have us considering moving **META** to our Suggested Holdings List.

Summary

Last week's renewed interest in AI-related stocks was a welcome relief for Growth investors, with most of the Magnificent 7 stocks - ex **GOOGL** and **AAPL** - having regained their uptrends.

The late week move into economically sensitive areas broadened participation in the rally, so that the Equal Weighted S&P 500 closed the week back above its 10-day moving average with a positive RSI and MACD.

This price action puts the markets in a strong position as we head into next week's critical FOMC meeting. However, investors are on the lookout for solid guidance from the Fed after recent economic data has painted a mixed picture.

This uncertainty could set the markets up for an initial selloff on Wednesday regardless of the →

Federal Reserve's decision. Economic projections from Fed Chair Powell will be most closely watched by investors.

Of note is that we are in the historically negative period of September, which is renowned for being the weakest month for stock market performance.

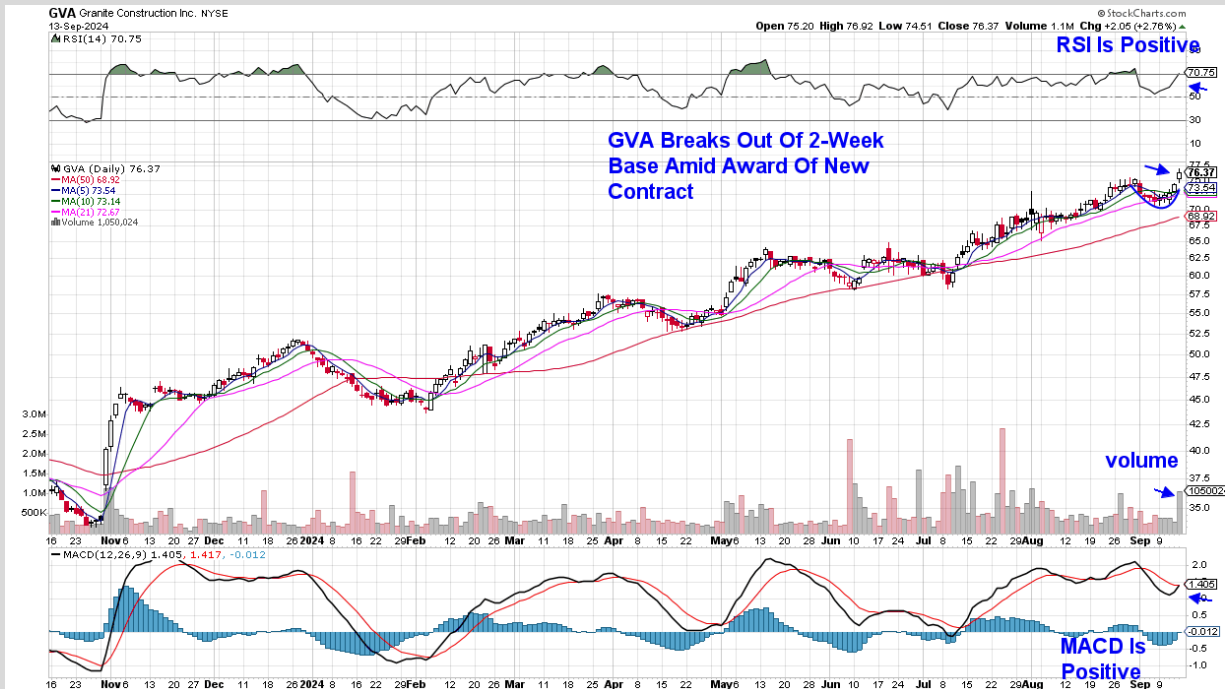
Until we see solid evidence of a possible recession, longer term investors can remain with their holdings by way of making sure that the weekly charts retain their positive RSI.

That said, volatility is expected amid policy uncertainties and the possibility of growth scares from weak economic data. The approaching election may also bring speed bumps. Overall however, we anticipate a generally bullish bias over the next 2 ½ months.

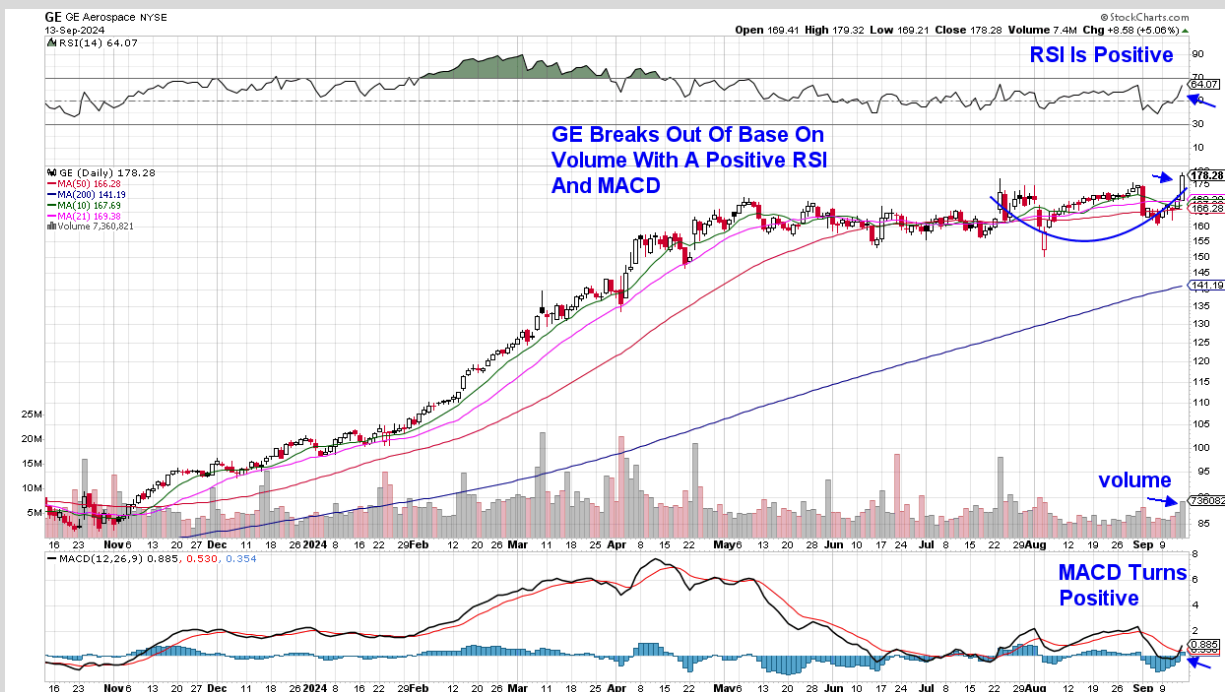


New Trade Ideas:

Daily Chart of Granite Construction Inc. (GVA)



Daily Chart of GE Aerospace (GE)



MEM Edge Report Suggested Holdings

Stocks With Emerging Leadership Characteristics

\$ = Earnings Due	Buy Zone	Strong Buy	Buy on Pullback	Removed From List
-------------------	----------	------------	-----------------	-------------------

SYMB	COMPANY	PRICE	DATE ADDED	PERFORMANCE	EARNINGS DUE
------	---------	-------	------------	-------------	--------------

CONSUMER DISCRETIONARY					
RACE	Ferrari	\$459.70	8/18/2024	3.0%	
SN	SharkNinja	\$95.80	9/2/2024	8.0%	
TOL	Toll Brothers	\$139.50	7/27/2024	10.5%	
WMT	Walmart	\$72.90	8/15/2024	9.5%	

REAL ESTATE					
NSA	National Storage	\$44.20	7/21/2024	8.5%	
PLD	Prologis	\$123.80	7/21/2024	4.0%	
EQR	Equity Residential	\$16.50	7/21/2024	12.0%	

INDUSTRIAL					
FTAI	FTAI Aviation	\$58.00	3/17/2024	98.5%	
GE	GE Aerospace	\$178.26	9/15/2024		
GVA	Granite Construction	\$76.37	9/15/2024		
TDG	Transdigm	\$1,348.03	9/12/2024	1.5%	

HEALTHCARE					
ABBV	AbbVie	\$185.10	7/28/2024	4.5%	
BSX	Boston Scientific	\$81.80	9/2/2024	2.0%	
ISRG	Intuitive Surgical	\$598.80	5/19/2024	26.5%	
LLY	Eli Lilly	\$891.70	8/11/2024	4.5%	

TECHNOLOGY					
AVGO	Broadcom	\$165.30	9/12/2024	2.0%	
MNDY	Monday.com	\$258.99	9/12/2024	-1.0%	
MPWR	Monolithic Power	\$895.91	9/12/2024	2.0%	
MSFT	Microsoft	\$427.00	9/12/2024	1.0%	
NVDA	Nvidia	\$119.14	9/12/2024	0.0%	
PLTR	Palantir	\$32.10	8/18/2024	12.0%	

COMMUNICATION SERVICES					
NFLX	Netflix	\$701.40	9/2/2024	0.0%	

Longer Term Hold Candidates That Were Removed From Suggested Holdings List

SYMB	COMPANY NAME	CURRENT STATUS
APPL	Apple	Hold
META	Meta Platforms	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.

Disclaimer: This publication "MEM Edge Report" is published by MEM Investment Research, LLC, and is both proprietary and intended for the sole use of subscribers. No license is granted to any subscriber, except for the subscriber's personal use. No part of this publication or its contents may be copied, downloaded, stored in a retrieval system, further transmitted, or otherwise reproduced, stored, disseminated, transferred, or used, in any form or by any means, except as permitted under the subscription agreement or with the prior written permission of MEM Investment Research, LLC. Any further disclosure or use, distribution, dissemination or copying of this publication, message or any attachment is strictly prohibited. MEM Investment Research, LLC is a financial publisher who publishes information about markets, stocks, industries, sectors and investments in which it believes subscribers may be interested. The information in this letter is not intended to be personalized recommendations to buy, hold or sell investments. MEM Investment Research, LLC is not permitted to offer personalized trading or investment advice to subscribers. Employees of MEM Investment Research, LLC may own positions in stocks mentioned or highlighted in THE MEM Edge Report. The information, statements, views and opinions included in this publication are based on sources (both internal and external sources) considered to be reliable, but no representation or warranty, express or implied, is made as to their accuracy, completeness or correctness. Such information, statements, views and opinions are expressed as of the date of publication, are subject to change without further notice and do not constitute a solicitation for the purchase or sale of any investment referenced in this publication. By using the information in THE MEM Edge Report, or from MEM Investment Research, LLC, or www.meminvestmentresearch.com, you assume full responsibility for any and all gains and losses, financial, emotional or otherwise, experienced, suffered or incurred by you. SUBSCRIBERS SHOULD VERIFY ALL CLAIMS AND DO THEIR OWN RESEARCH BEFORE INVESTING IN ANY INVESTMENTS REFERENCED IN THIS PUBLICATION. INVESTING IN SECURITIES AND OTHER INVESTMENTS, SUCH AS STOCKS, OPTIONS AND FUTURES, IS SPECULATIVE AND CARRIES A HIGH DEGREE OF RISK. SUBSCRIBERS MAY LOSE MONEY TRADING AND INVESTING IN SUCH INVESTMENTS.