



# THE MEM EDGE

Midweek Report

Wednesday, September 25, 2024

## Reported Data This Week

- Consumer Confidence Falls by The Most In 3 Years
- Micron (MU) Reports Strong Q2 Chip Sales

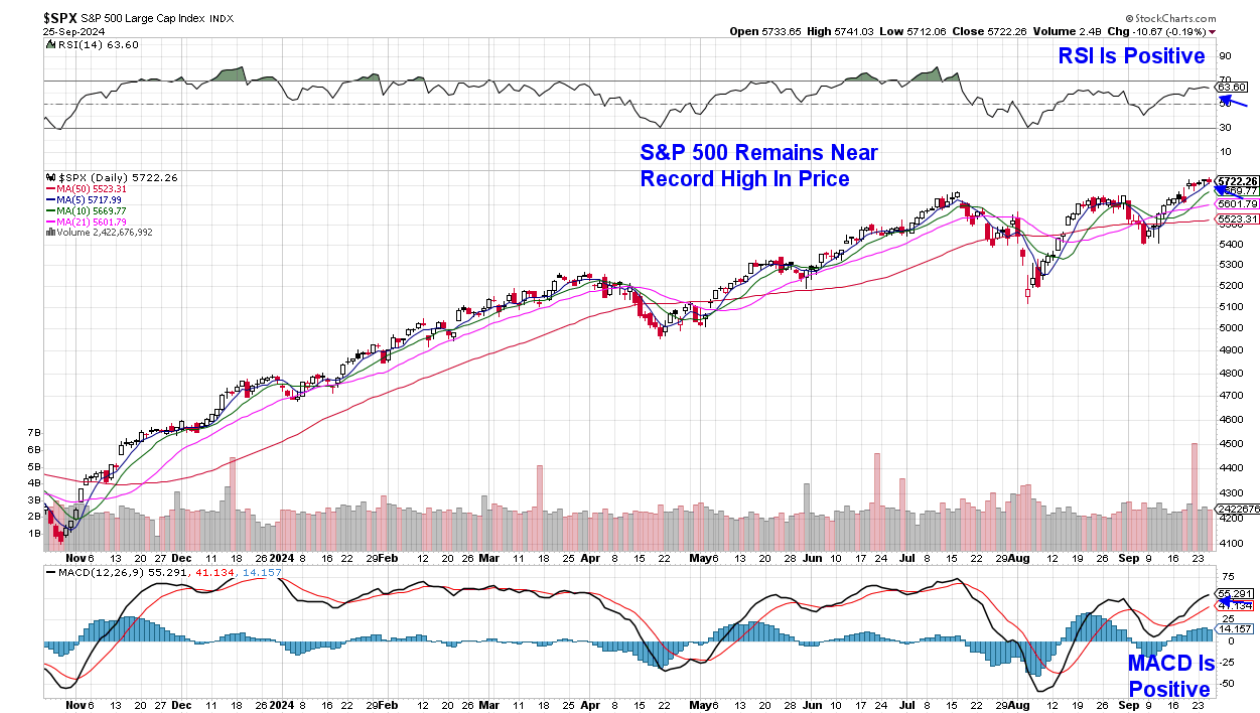
## Upcoming Data Due This Week

- Q2 GDP Revision and Weekly Jobless Claims on Thursday
- Fed Chair Powell, as Well As 4 Federal Reserve Officials, Speak at Events On Thursday
- Core PCE Data Due Friday
- Costco (COST) Earnings After Close Tomorrow

## Market Developments This Week

- Semiconductor Group Turns Positive
- Adding Nvidia (**NVDA**), Broadcom (**AVGO**) and Taiwan Semiconductor (**TSM**) To Suggested Holdings List
- Small Caps, Banks and Home Construction Stocks Are Pulling Back Amid Uptick in Interest Rates

## DAILY CHART OF S&P 500 INDEX





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The S&P 500 has gained 0.4% for the week so far which keeps the near- and longer-term uptrend firmly in place.

The Nasdaq has performed better with a 0.8% gain led by sharp outperformance in Nvidia (**NVDA**), which has sprung to life this week amid news of increased chip sales worldwide. The uptrend in this Index remains in place.

Other Semiconductor stocks have also perked up this week which in turn, has pushed the group back into an uptrend. (using ETF SOXX).

Given this bullish development, as well as a strong earnings report from Micron Technologies (**MU**) today due to chip sales, we are adding **NVDA**, Taiwan Semi (**TSM**), and Broadcom (**AVGO**) to our Suggested Holdings List.

**NVDA** is in a strong buy zone after closing above its 50-day moving average with a now positive MACD and RSI.

**TSM** is in a buy zone after yesterday's cup with handle base breakout on relatively high volume. The company is the world's largest contract chipmaker with sales to **NVDA** accounting for 11% of their revenue.

**AVGO** is also in a buy zone, as the stock finds support above its upward trending 5-day moving average while approaching a possible \$185 base breakout.

Elsewhere in Technology, Software stocks are pulling back slightly amid news that ServiceNow (NOW) and SAP are undergoing a civil probe into government deals. (IGV)

Both monday.com (**MNDY**) and Palantir (**PLTR**) are mostly flat for the week and remain in confirmed uptrends above their upward trending 5-day moving averages.

As noted on Sunday however, **PLTR** should be added to lightly, given its RSI is in an overbought condition.

Recently added Q2 Holdings (**QTWO**) has pulled back 4% this week amid a 4% decline in Regional Banks (KRE) who are their major clients. On Sunday, we advised that buying on a pullback was advised and **QTWO** is now in a buy zone.

The pullback in Banks is due to an uptick in yields as Bond traders digest last week's larger-than-normal interest rate cut by the Fed.



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Netflix (**NFLX**) is in a strong buy zone after yesterday's 1-month base breakout. The company received a price target upgrade from Wall Street to \$810.

Meta Platforms (**META**) has gained 1.3% this week as the stock trends mostly sideways as it digests last week's big move. The stock can be bought as it finds support above its upward-trending 5-day moving average.

The Consumer Discretionary sector is the top performer this week despite weak Consumer Confidence numbers today. The gains being led by Tesla (TSLA) which is up sharply.

Heavyweight name Walmart (**WMT**) from our List is also giving this sector a boost with a 3% gain that is taking place amid a major Wall Street upgrade. The stock is a bit extended and can be bought on any pullback to the \$80 range.

Rival company Costco (COST) will be reporting earnings after the close tomorrow and their results are expected to impact other big box stores such as Walmart.

Home Construction stocks are pulling back slightly amid weak earnings from KB Homes (KBH) as well as an uptick in interest rates. (using ETF XHB).

Recently added Green Brick (**GBRK**) as well as Toll Brothers (**TOL**) are relatively outperforming, and the stocks can be held.

SharkNinja (**SN**) can also be held as the stock appears headed for a near-term period of consolidation similar to early September. This would set the stock up for another leg up. For now, **SN** can be held.

The Industrial sector is outperforming amid gains in select areas. Both, Transdigm (**TDG**) and GE Aerospace (**GE**), are up over 1% and they remain in a confirmed uptrend above their 5-day moving averages.

Both **TDG** and **GE** are in a buy zone however, we would add lightly to any positions as their RSI's are in an overbought position.

REIT stocks are underperforming this week with names such as Equity Residential (**EQR**) down almost 2% in a move that puts this stock at its 21-day moving average. With the MACD in a downtrend, we would not be a buyer on this pullback. Instead, wait for a close back above its 10-day moving average.



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National Storage (**NSA**) is faring better and the stock can be held.

Healthcare stocks are continuing to underperform led by Biotechs (IBB), Medical Products (IHI), and select Pharmaceuticals.

Our stance from Sunday remains the same, as we would not be a buyer of the Healthcare stocks on our List at this time.

Of note, Ely Lilly (**LLY**) is close to posting a bullish MACD crossover while AbbVie (**ABBV**) is now close to closing below its 50-day moving average which would be a sell signal.

This week's cautious tone in the markets is taking place amid continued concerns over the Fed's larger-than-normal 0.5% rate cut last week. This sentiment gives even more weight to comments from Fed officials and over the next 2 days, Fed Chair Powell as well as 4 Fed officials, will be speaking.

Employment and Inflation data due to be released on Thursday and Friday respectively, will also be closely watched. In essence, investors are looking for more clues regarding the economy as well as possible Fed policy.

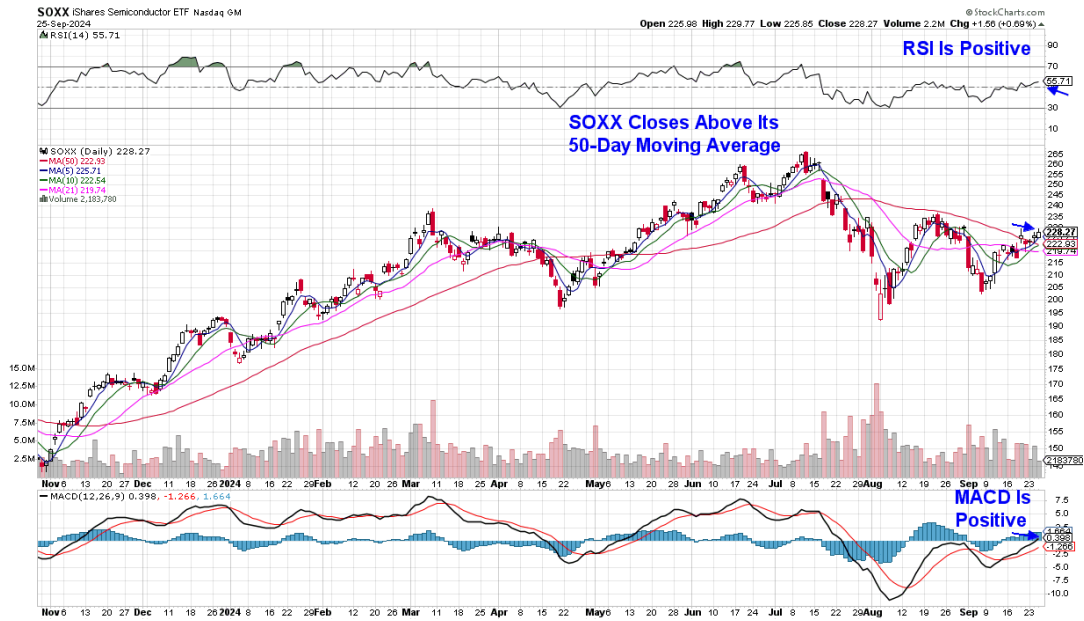
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Editor, MEM Edge Report



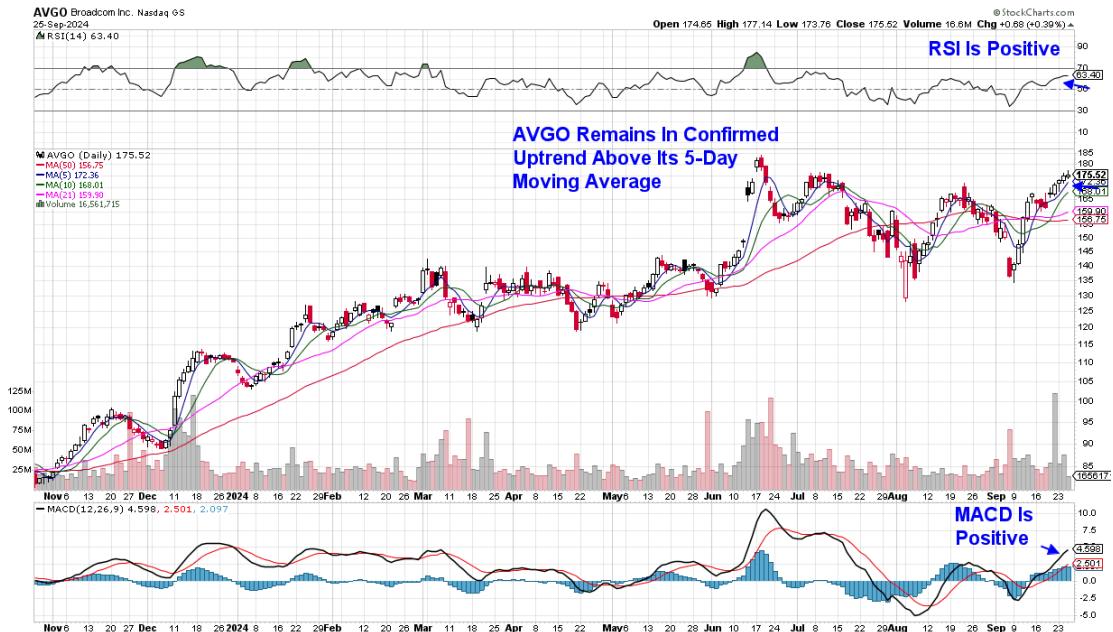
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## DAILY CHART OF iSHARES SEMICONDUCTOR ETF (SOXX)



## DAILY CHART OF BROADCOM INC. (AVGO)



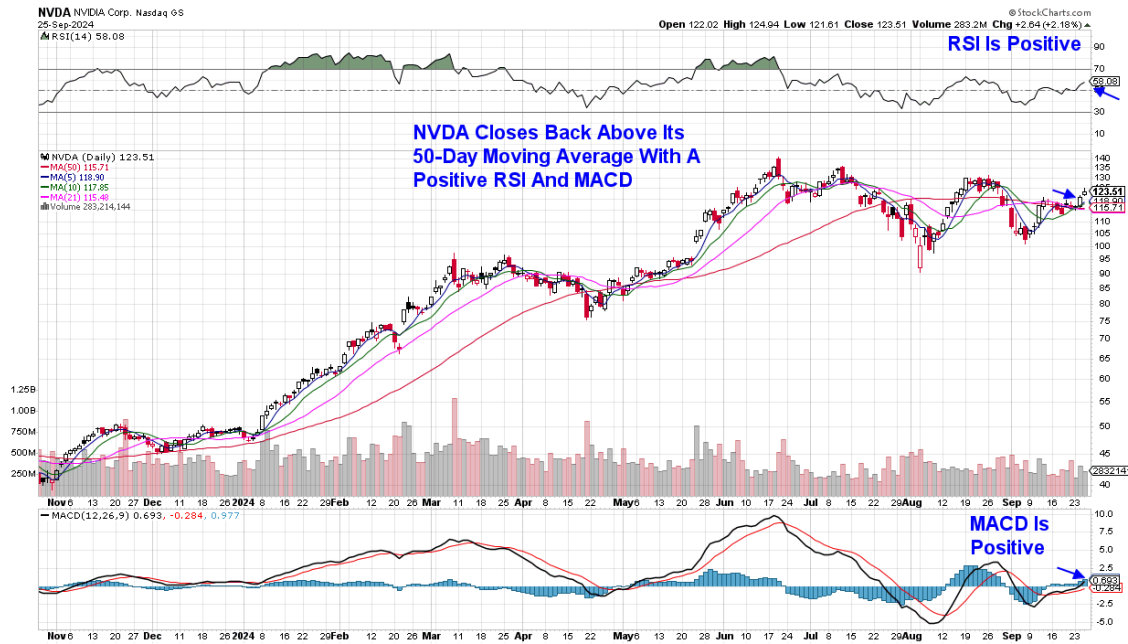




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### DAILY CHART OF NVIDIA CORP. (NVDA)



### DAILY CHART OF TAIWAN SEMICONDUCTOR MFG (TSM)

