



THE MEM EDGE

Midweek Report

Wednesday, October 2, 2024

Economic Data Released This Week

- U.S. Businesses Add More New Jobs Than Expected

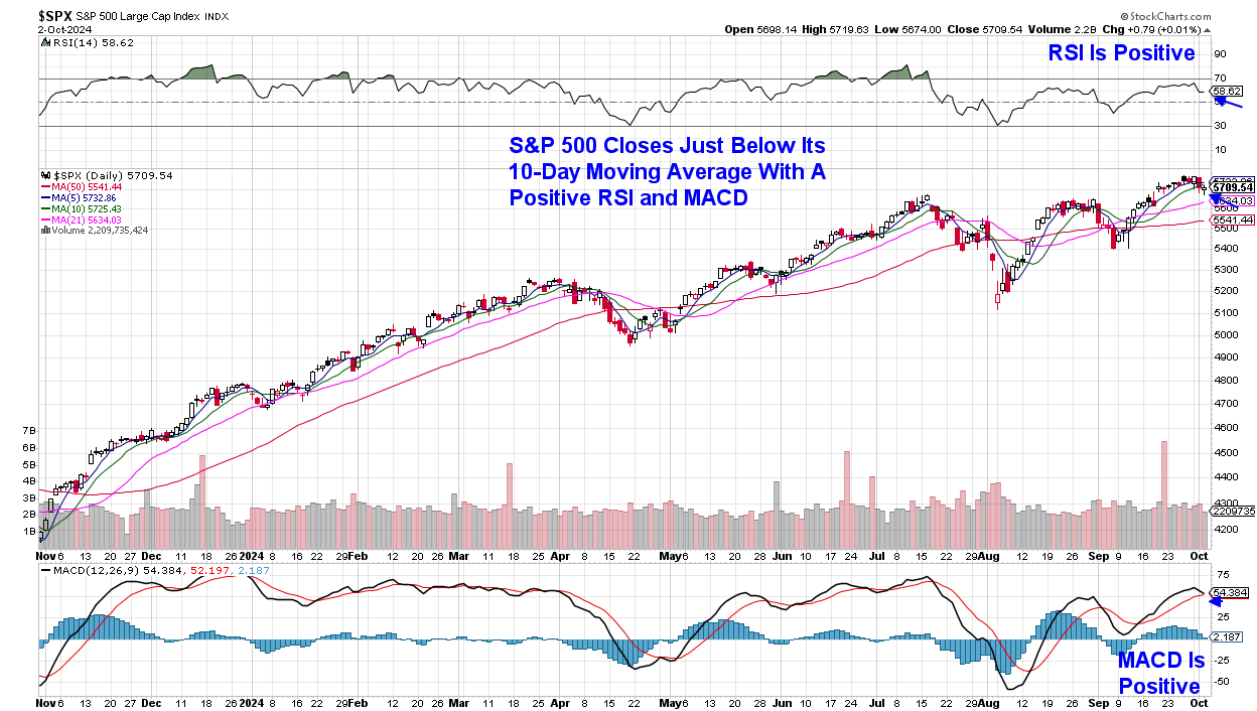
Market Developments This Week

- Volatility Index Rises Amid Middle East Tensions
- Chinese Stocks Continue To Trade Higher
- Dockworker's Strike Negatively Impacts Semis

Economic Data Due The Remainder Of This Week

- September Employment Data Due Friday Before Markets Open

DAILY CHART OF S&P 500 INDEX





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The S&P 500 has pulled back 0.5% this week, in a move that has this Index closing just below its 10-day moving average. With the RSI and MACD in positive territory, the near-term uptrend remains in place.

The Nasdaq has pulled back further, with a 1% decline led by weakness in Semiconductor stocks such as Nvidia (**NVDA**) which has lost 2%. Software stocks are also showing weakness.

The pullback in Semiconductors is taking place amid news that China is advising local companies to avoid Nvidia's H20 chip and instead, look locally for alternatives.

NVDA pulled back to its 50-day moving average before a rally today put the stock close to closing back above its 10-day moving average. A close above the 10-day at the \$120 level would put **NVDA** into a buy zone.

In other news, Chinese start-up, Numermory, claims to have developed a memory chip breakthrough amid US tech sanctions. The news pushed already weak Micron (MU) - which posted big, earnings-driven gains last week - lower, with other Semi's declining as well.

Taiwan Semi (**TSM**) has been unable to regain its 10-day moving average in the \$177.5 range which would put the stock into a buy zone.

Broadcom (**AVGO**) is also on the cusp of regaining its 10-day moving average in the \$172.5 range, with a move above this level putting the stock into a buy zone.

Also hurting chip stocks is news of a dockworkers strike. which is expected to disrupt their supply chain and lower sales.

Among Software names on our List, Palantir (**PLTR**) regained its 10-day moving average after today's 2.8% rally. A move above last week's high in the \$38 range would put the stock in a strong buy zone.

monday.com (**MNDY**) is flat for the week as it digests its September gains. A close back above its 10-day moving average would put the stock into a buy zone.

Q2 Holdings (**QTWO**) would be back in a buy zone with a close above its 10-day mav at the \$79 level. This week's slight pullback may be due to the pullback in Bank stocks this week which are among their largest clients.



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Midweek Report

The dockworkers strike is expected to benefit after-market suppliers such as FTAI Aviation (**FTAI**) which leases components for aircraft engines. Demand for their components have already been high however, supply chain disruptions will grow sales further. The stock is in a strong buy zone.

TransDigm Group (**TDG**) provides systems for commercial and military customers and it has gained 3% this week amid an escalation of tensions in the Middle East. The stock is in a buy zone.

GE Aerospace (**GE**) is trending sideways and in a buy zone however, its near-term upside momentum is currently not as strong as **TDG** and **FTAI**.

Granite Construction (**GVA**) is in a buy zone after closing above its 10-day moving average today. GVA was recognized as the top company in the Highways market in 2024.

EMCOR (**EME**) is continuing to consolidate with a slight gain this week that keeps the stock in a confirmed uptrend. A close above \$432 would put EME into a buy zone.

The consumer discretionary sector is the worst performer this week amid a decline in Retail stocks as well as Home Builders. A 4.5% decline in Tesla is also Weighing on this sector, after the company missed on their auto delivery numbers.

Both Toll Brothers (**TOL**) and Green Brick (**GRBK**) remain in an uptrend as they are above their upward-trending 10-day moving average.

This puts **TOL** and **GRBK** in a buy zone, however; Friday's employment report may impact investors' outlook for interest rates which would cause volatility in these stocks.

Both SharkNinja (**SN**) and Walmart (**WMT**) remain in an uptrend as they are above their upward-trending 10-day moving average.

Amazon (**AMZN**) is pulling back despite getting a Wall Street price target upgrade on Monday. This week's selling is taking place on below-average volume and the stock can be held.

Healthcare stocks are flat this week however, both Boston Scientific (**BSX**) and AbbVie (**ABBV**) are in a buy zone as they are finding support above their upward-trending 10-day moving averages. However, we would continue to underweight Healthcare stocks at this time.



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REIT stocks are flat for the week however, Equity Residential (**EQR**) continues to pullback amid last week's downgrade. We would not be a buyer on this pullback and instead, would lighten up on any positions.

Meta Platforms (**META**) and Netflix (**NFLX**) are among the better performers in mega-cap Growth stocks. Both stocks are in a buy zone.

This week's news of a dockworkers' strike, rising oil prices due to Middle East tensions, and China's stimulus move last week which is a positive for global growth, have all raised worries about a possible rise in inflation.

Other concerns for investors remain as well, with this Friday's monthly employment data due, and any surprise is expected to move the markets.

Overall, the broader markets remain in an uptrend and as cited above, select areas remain positive due to current dynamics.

Warmly,
Mary Ellen McGonagle
Editor, MEM Edge Report