



# THE MEM EDGE

Midweek Report

Wednesday, October 9, 2024

## Economic Data Reported This Week

- FOMC Meeting Notes Confirm Feds Labor Market Concerns

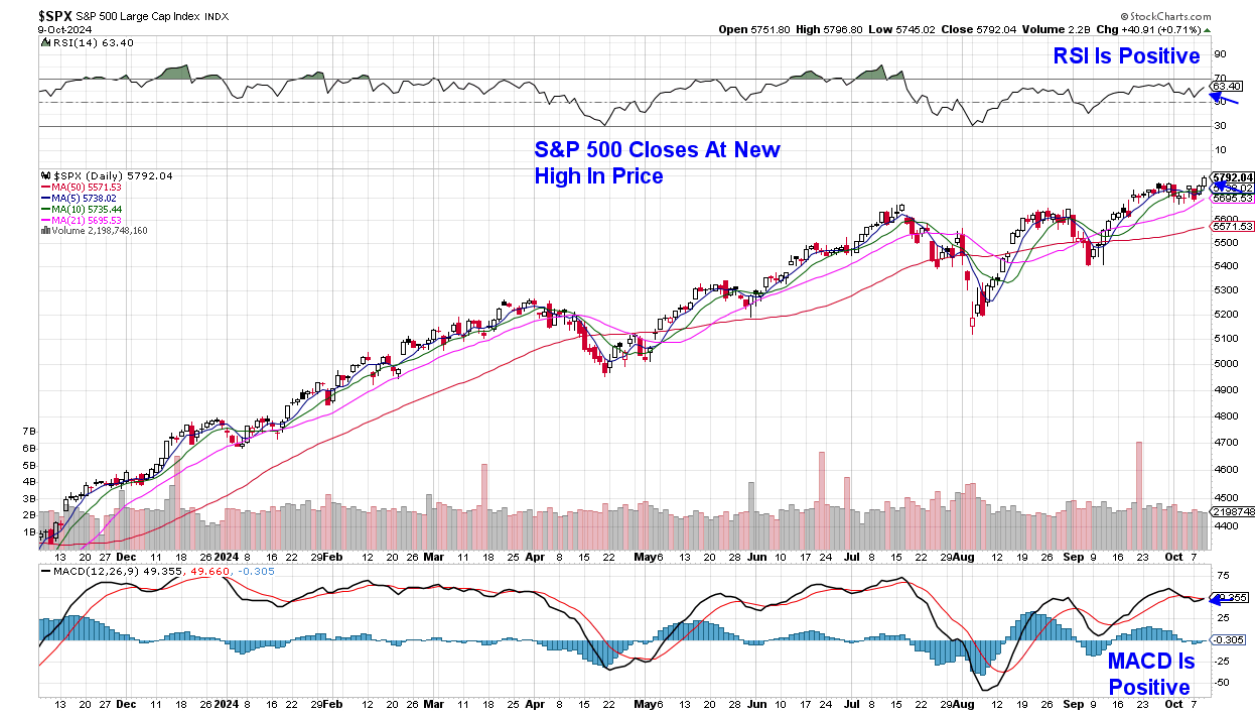
## Economic Data Due Later This Week

- Consumer Price Index (CPI) Due Thursday
- Producer Price Index (PPI) Due Friday

## Market Developments This Week

- Chinese Stocks Pull Back Amid Lack of Details For Stimulus Plan
- Volatility Index (VIX) Closes Above 20
- Yield On 10-Year Treasury Is Above 4%
- Healthcare Sector Regains Uptrend
- Adding Eli Lilly (**LLY**) And Fair Isaac (**FICO**) To Suggested Holdings List
- Removing William Sonoma (**WSM**) From Suggested Holdings List

## DAILY CHART OF S&P 500 INDEX





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The S&P 500 Index has closed at a new high after gaining 0.7% so far this week. With the RSI and MACD in positive territory, the near term uptrend for this Index remains in place.

The Nasdaq fared even better, with a 0.9% gain led by a rally in Software and Semiconductor stocks. Nvidia's (**NVDA**) 6.2% rally gave a boost to both Indexes. The near term uptrend in the Nasdaq remains in place.

**NVDA**'s gains took place after 2 of their partners - Taiwan's Foxconn and Super Micro Computer (SMCI) both reiterated strong demand for its AI Blackwell chips.

**NVDA** broke out of a 6-week base on Tuesday which puts the stock in a buy zone as the MACD is having lift-off from a relatively low level.

AI-related chip company Broadcom (**AVGO**) broke out of a 14-week base breakout today after the company previewed their data center gear for AI systems ahead of next week's Open Compute Project Summit next week.

**AVGO** is in a buy zone and a slight pullback to the \$180 range would be an ideal entry point.

Taiwan Semi (**TSM**) - whose clients include **NVDA** - reported 3rd quarter revenue today that was well above estimates due to AI demand. The stock is in a buy zone as it approaches a possible 2-week base breakout at \$190.

Software stocks also helped the Technology sector gain the most for the week so far, with names such as AI-focused Palantir (**PLTR**) rallying 7.8%. The stock is in a confirmed uptrend however, it's extended following a 10%+ gain over the past 2 trading days. We would be a buyer on any pullback to the 41 range at its 5-day moving average.

Both Monday.com (**MNDY**) and Q2 Holdings (**QTWO**) are finding support above their upward-trending 5-day moving average, which puts the stocks into a buy zone. However, they are not showing near-term upside momentum and we would not overweight them at this time.

Networking stock Arista Networks (**ANET**) advanced further out of last week's 1-week base breakout after a major Wall Street firm's price target upgrade to \$425.



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The growth for **ANET** is due to AI Center's demand for the company's ethernet switches that are needed for data-driven networking. **ANET** is in a buy zone on any pullback toward the \$397 range at its 5-day moving average.

This week, we are adding Fair Isaac (**FICO**) to our Suggested Holdings List after Tuesday's 3-week base breakout on volume. The company develops decision-making software for insurance, financial services, and healthcare companies to name a few.

**FICO** can be bought in the \$1965 range at its 5-day moving average.

The Industrial sector is the next top performing with FTAI Aviation (**FTAI**) outpacing the group with a 3.4% rally that puts the stock at a new high. Look for a pullback to the \$142 range at its 5-day moving average as a buy point.

Aircraft parts provider Transdigm (**TDG**) posted a 2.3% gain following a Wall Street price target upgrade to \$1500. **TDG** is in a confirmed uptrend and the stock can be bought on any pullback to the \$1364 range at its 5-day

Emcor Group (**EME**) broke out of a 2-week base today amid interest in AI-related stocks. The stock is in a strong buy zone.

Both Granite Construction (**GVA**) and GE Aerospace (**GE**) posted a gain today that puts these stocks above a 3-week base and into a strong buy zone.

Consumer Discretionary stocks are flat for the week with select names from our List underperforming.

Among them is Williams Sonoma (**WSM**) which we are removing from our List after today's pullback puts the RSI into negative territory. In addition, **WSM** is down over 6% from when it was added to our Suggested Holdings List.

Shake Shack (**SHAK**) is also pulling back more than the group however, it is finding support above its upward-trending 5-day moving average which puts the stock into a buy zone.

Home Builders are gaining despite an uptick in interest rates this week. Green Brick Partners (**GRBK**) is pulling back however and we would not be a buyer as the RSI is now in negative territory.

Toll Brothers (**TOL**) is in a more positive position as it is above its 5-day moving average with a positive RSI and MACD. The stock can be held.



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Walmart (**WMT**) is in a very similar position with a positive RSI and MACD and above its 5-day moving average despite a pullback. **WMT** can be held.

The Healthcare sector is outperforming this week with a 1.1% gain that puts it back above its 50-day moving average with a positive RSI. This puts Healthcare back into an uptrend.

Among names on our List, Boston Scientific (**BSX**) is in a strong buy zone after this week's rally has pushed the stock out of a 2 ½ week base on heavy volume.

Intuitive Surgical (**ISRG**) is also in a strong buy zone after closing today above each of its moving averages with a now positive RSI.

Today, we are adding Eli Lilly (**LLY**) back to our Suggested Holdings List after the stock closed back above its 21-day moving average with a now bullish RSI. **LLY** can be added to lightly, with a bullish posting of its MACD providing further confidence in its new uptrend.

Netflix (**NFLX**) broke out of a 2-week base today ahead of the release of their earnings next Thursday. The stock is in a strong buy zone.

This week's rally in AI-related stocks is taking shape amid bullish comments from heavyweight names that are seeing strong demand for their products as opposed to speculation. This is very good news as we head into earnings reports from M7 stocks.

As noted in the bullet points above, today's FOMC meeting notes held no surprises which was comforting for investors. The CPI and PPI reports over the next 2 days may cause issues however, if the Fed's position that inflation is declining is contested.

For now, the broader markets remain in a confirmed uptrend with the broadening out into Healthcare stocks being a bright spot.

Warmly,  
Mary Ellen McGonagle  
Editor, MEM Edge Report



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### DAILY CHART OF FAIR ISAAC & CO., INC. (FICO)



### DAILY CHART OF ELI LILLY & CO. (LLY)

