



THE MEM EDGE

Midweek Report

Wednesday, October 23, 2024

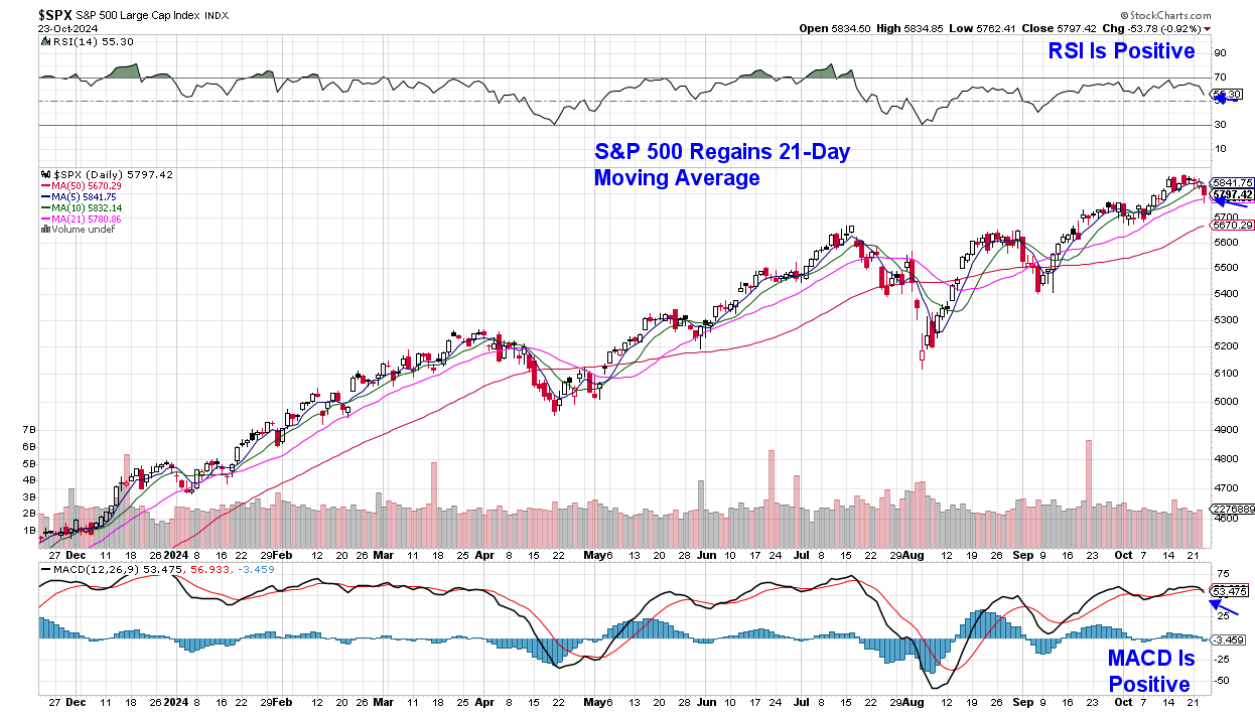
Reported Data This Week

- Existing Home Sales Fall To 14-Year Low Amid Increased Interest Rates
- Tesla (TSLA) Reports Earnings Above Estimates
- Yield On 10-Year Treasury Rises To 4.24%
- Volatility Index (VIX) Closes Higher At 19

Upcoming Data This Week

- Weekly Jobless Claims and New Home Sales Tomorrow
- Durable Goods Orders and Consumer Sentiment Tomorrow

DAILY CHART OF S&P 500 INDEX



The S&P 500 is down 1.1%, with today's pullback putting this Index at its 21-day moving average. With the RSI and MACD in positive territory, the uptrend in the S&P 500 remains in place.

The Tech heavy Nasdaq posted similar price action, with a close above its 21-day moving average and a positive RSI and MACD which keeps the uptrend in place for this Index.



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Earnings reports continue to dominate the headlines however, a rise in interest rates has rattled the markets with areas that are most impacted, seeing the biggest declines. This would include Homebuilders, Small Caps, and Biotechs.

Jitteriness surrounding upcoming earnings reports from Magnificent 7 stocks has also put pressure on the markets with the Volatility Index (VIX) moving higher to 19. Levels above 18 signal increased fear in the markets.

Among the Homebuilders on our List, Green Brick (GRBK) has closed below its 50-day moving average with a now negative RSI. We are removing the stock from our Suggested Holdings List however, the weekly chart remains constructive so that longer-term investors can remain with the stock.

Toll Brothers (TOL) has also pulled back sharply; however, the stock remains above its 50-day moving average. We would not be a buyer until we see a close back above its 10-day moving average in the \$153 range.

Elsewhere in Consumer Discretionary, Amazon (AMZN) is down 2.3% due to a pullback today following news that the company is discontinuing their same-day delivery service. The company is due to report earnings next Thursday and the stock can be held.

SharkNinja (**SN**) is also due to report earnings next Thursday however, the stock is in a more bullish position with a close above its shorter-term moving averages. The stock is in a buy zone with a positive MACD crossover putting the stock into a strong buy zone.

Walmart (**WMT**) has gained 2.4% this week amid a major Wall Street upgrade. Today's news that **WMT** will now be offering same-day prescription delivery also gave the stock a boost. The stock is in a strong buy zone after today's positive MACD crossover. (black line up through the red).

Ferrari (**RACE**) remains in a buy zone as it finds support above its 5-day moving average with a positive RSI and MACD.

Shake Shack (**SHAK**) continues to trade sideways with volatile price action ahead of the release of their earnings next Wednesday. The stock can be held.

Technology stocks pulled back this week amid continued weakness in Semiconductor stocks after mixed earnings reports this month (using SOXX). As you will see in the chart below, the group is just barely above its 50-day moving average with a negative RSI.



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Nvidia (**NVDA**) is finding support above its 10-day moving average with a positive RSI and MACD which keeps the stock in a buy zone. The company announced today that the flaw in their Blackwell chip has been fixed.

Broadcom (**AVGO**) is down 3.5% with most of the losses coming today amid jitters surrounding AI-related sales as we head into earnings for M7 stocks. **AVGO** has closed below its 21-day moving average with a negative RSI. We would not be a buyer until the stock closes above its 10-day moving average in the \$180 range.

Taiwan Semiconductor (**TSM**) is in a buy zone after today's pull back to its 10-day moving average. Analysts are continuing to revise the company's earnings estimates higher after last week's quarterly report.

Software stocks have pulled back this week with most of the losses taking place today amid Smaller Cap companies.

Palantir (**PLTR**) is trending sideways as it continues to digest its sharp gains over the past 10 weeks. The stock can be held.

Fortinet (FTNT) was trending higher before today's pullback put the stock back below its 10-day moving average. A close above this moving average in the \$82 range would put the stock into a buy zone.

Q2 Holdings (**QTWO**) remains in a confirmed uptrend and a buy zone as it finds support above its upward-trending 5-day moving average. Monday.com (**MNDY**) can be held after today's pullback with the group. A close above its 10-day moving average in the \$287 range, would put the stock into a buy zone.

Industrial stocks are pulling back more than the markets amid earnings reports from companies such as GE Aerospace (**GE**) which came in slightly below estimates for their commercial aircraft division. The stock can be held after today's close above its 50-day moving average.

FTAI Aviation (**FTAI**) and EMCOR (**EME**) both remain in uptrends above their 21-day moving averages ahead of the release of their earnings next week. We are on the lookout for a close above their 10-day mavs as a buy point.

Granite Construction (**GVA**) remains in a confirmed uptrend ahead of the release of their earnings next week. However, the stock's momentum remains weak with the RSI and MACD trending downward. The stock can be added to lightly ahead of their report.



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TransDigm (**TDG**) is exhibiting weakness after pulling back yesterday following GE's earnings report. The stock can be held.

Healthcare stocks are continuing to underperform with the sector now lower below its 50-day moving average. (using XLV)

Boston Scientific (**BSX**) reported quarterly earnings and sales above estimates before the open today. Management also guided growth higher. The stock originally sold off however, a bullish close in the upper reaches of its trading range for the day puts the stock into a strong buy zone as it is above its 10-day moving average.

Eli Lilly (**LLY**) is struggling this week as it trades around its 50-day moving average. The company is due to report earnings next Wednesday which may provide a needed boost. For now, however, the momentum is negative and the stock can be held.

Intuitive Surgical (**ISRG**) is in a buy zone after a pullback to its upward trending 5-day moving average after last week's gap up on strong earnings.

Netflix (**NFLX**) is also in a buy zone after today's pullback to its 5-day moving average following last week better than better-than-expected earnings results.

Meta Platforms (**META**) is exhibiting weakness going into next Wednesday's release of its quarterly report. The pullback is in line with other AI-related stocks that are due to report earnings shortly. The stock can be held.

Utility stocks are the top performers so far this week with a slight gain of 0.2%. Recently added Dominion (**D**) has gained more, with a 1.7% rally that pushed the stock out of a 1-week base and into a buy zone.

The markets are clearly on edge as we move closer to the upcoming Presidential election and we expect volatility to remain elevated until after November 5th.

Warmly,
Mary Ellen McGonagle
Editor, MEM Edge Report



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DAILY CHART OF SEMICONDUCTOR GROUP (SOXX)

