



# THE MEM EDGE

Midweek Report

Wednesday, October 31, 2024

## Market Developments This Week

- RSI Turns Negative For S&P 500 and Nasdaq Daily Charts
- Semiconductor Group (**SOXX**) Enters A Downtrend
- Volatility Index (**VIX**) Moves Bove 23
- Removing Eli Lilly (**LLY**), TransDigm (**TDG**) and SharkNinja (**SN**)
- AMZN and MSFT (report after close)

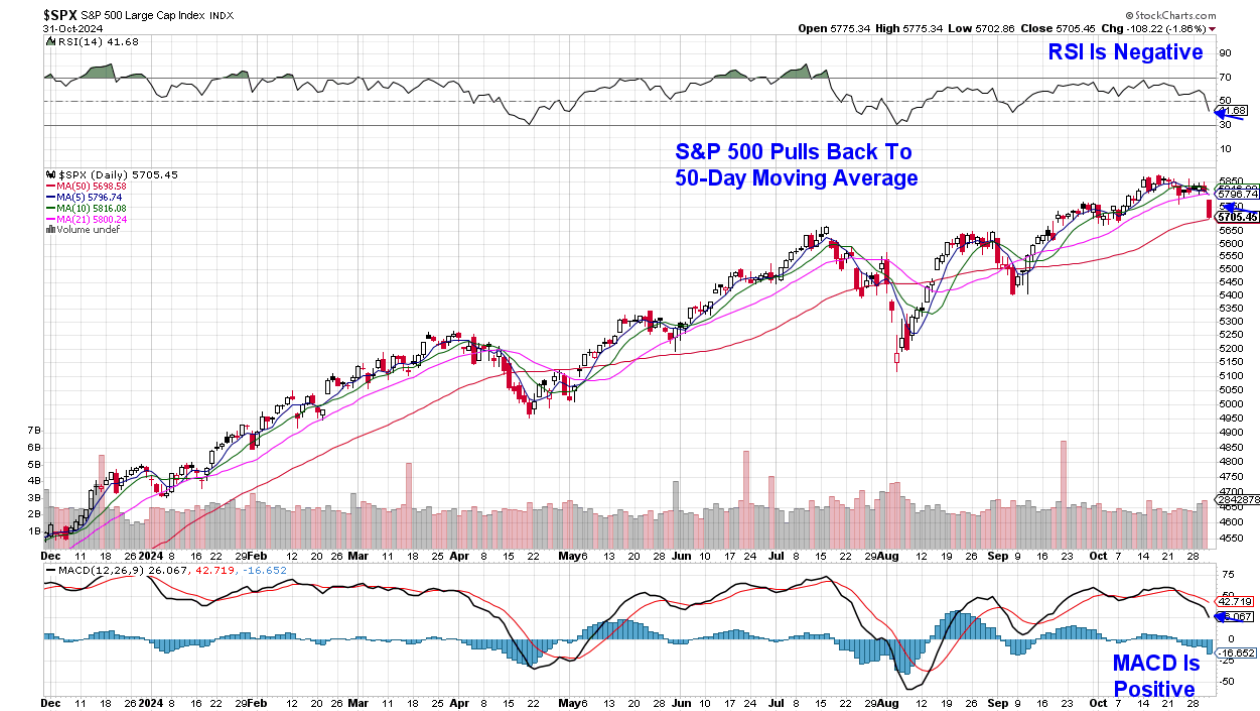
## Reported Data This Week

- Consumer Confidence Jumps in October
- Private Sector Adds More Jobs Than Anticipated in October
- 3rd Quarter GDP Posts 2.8% Growth as Economy Remains Strong
- Personal Consumption Expenditures (PCE) Show Inflation Receding

## Economic Data Due This Week and Next

- U.S. Employment Report on Friday
- Next Week - FOMC Interest Rate Decision

## DAILY CHART OF S&P 500 INDEX





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Earnings season is continuing to impact the markets with M7 names Meta Platforms (**META**), and Microsoft (MSFT) tumbling today on news that they are ramping up AI-related spending. **META** now has a negative RSI on its daily chart however, the stock remains above its 50-day moving average. The stock can be held.

Nvidia (**NVDA**) pulled back today as well, despite the possibility of increased spending on AI chips from 2 major companies. The decline took place amid a sharp drop in Monolithic Power (MPWR) which guided growth estimates lower for next quarter.

Semiconductors are now in a downtrend with the group closing below its 50 and 200-day moving averages with a negative RSI and MACD. (using ETF SOXX) Both Broadcom (**AVGO**) and Nvidia (**NVDA**) have a negative RSI however, they are finding support above their 50-day moving average and the stocks can be held.

Apple (AAPL) and Amazon (AMZN) are due to report after the markets close today.

Other stocks on our List are also getting hurt such as SharkNinja (**SN**) which is down 17% after management stopped warned about a possible slow holiday season which is an important period for their revenues.

**SN** fell below its 50-day moving average on volume and we are removing it from our Suggested Holdings List.

FTAI Aviation (**FTAI**) was also hit today, with a 7.5% decline after management stopped reporting several metrics on their earnings call. This has Wall Street nervous. While the RSI is in negative territory, the stock remains above its 50-day moving average. **FTAI** can be held.

TransDigm (**TDG**) which is also in the aviation supply space continues to trend lower below its 50-day moving average ahead of the release of their earnings next Thursday. Today, the stock closed below its 50-day moving average and we are removing **TDG** from our Suggested Holdings List.

Amazon (**AMZN**) is trading higher after hours following their report of record profits. The strongest area was their cloud computing platform which is similar to GOOGL and MSFT's reports earlier this week.

**AMZN** closed above its 10-day moving average and is in a buy zone. However, of note is that both MSFT and GOOGL traded lower today despite strong cloud computing-related sales. This is due to increased AI spending which **AMZN** reported as well.



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Today's pullback in the markets is taking place amid an uptick in the VIX which is now trading above 23. As highlighted on Sunday, volatility has a tendency to rise going into Presidential elections.

However, the sharp moves we are seeing in response to earnings are also increasing volatility.

Tomorrow morning October employment data will be released and any strength in the numbers may increase uncertainty further, as it may derail the expected rate cut next Wednesday.

At this time, we remain cautious on the markets as we head into next Tuesday's election.

According to reports, the S&P 500's performance in the run-up to Election Day has historically been a strong indicator of whether the incumbent party's candidate will retain control of the White House — correctly forecasting all but four presidential races over the last 96 years.

If the index is falling, investors are bracing for more uncertainty from a new administration. But a climb in the S&P 500 signals that the market is expecting the current president's party to win. With several more trading days ahead of us, volatility is expected to continue to rise until election results are announced.

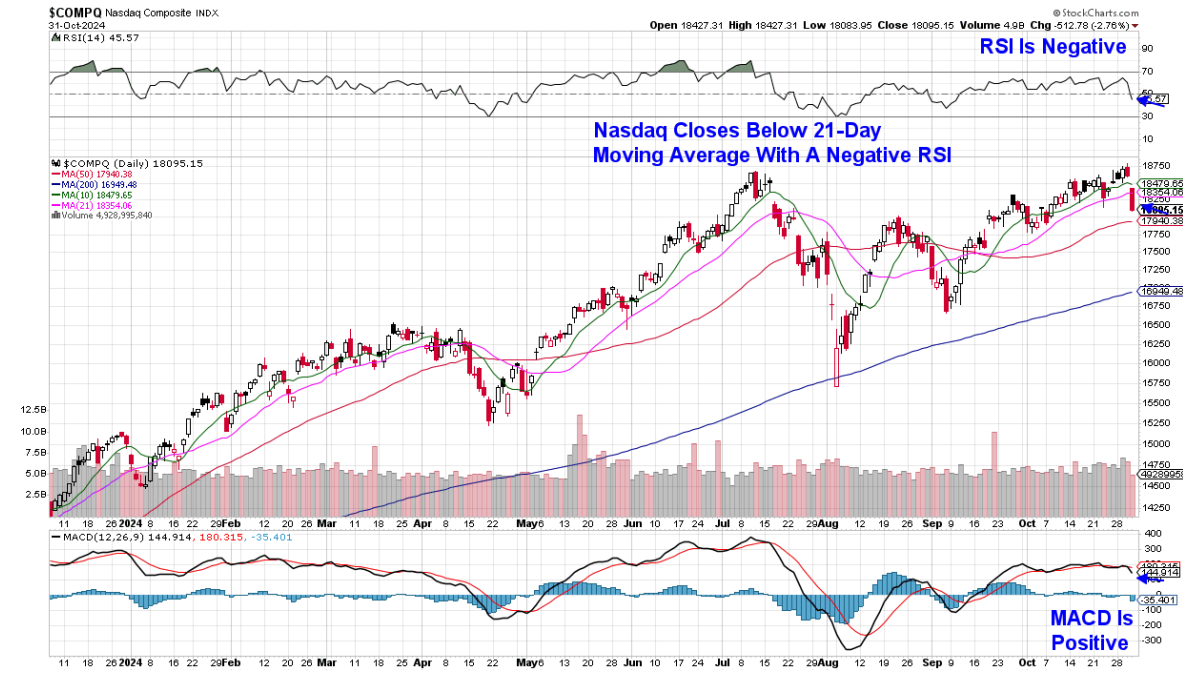
Warmly,  
Mary Ellen McGonagle  
Editor, MEM Edge Report



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## DAILY CHART OF NASDAQ COMPOSITE (COMPQ)



## DAILY CHART OF SEMICONDUCTOR ETF (SOXX)

