



THE MEM EDGE

November 3, 2024 | Weekly Report

Market Developments Last Week

- RSI Turns Negative For S&P 500 And Nasdaq Daily Charts
- Majority Of Sectors Are In A Downtrend
- Volatility Index (VIX) Moves Above 22
- Big Tech Companies Post Mixed Results
- Economically Sensitive Sectors Falter

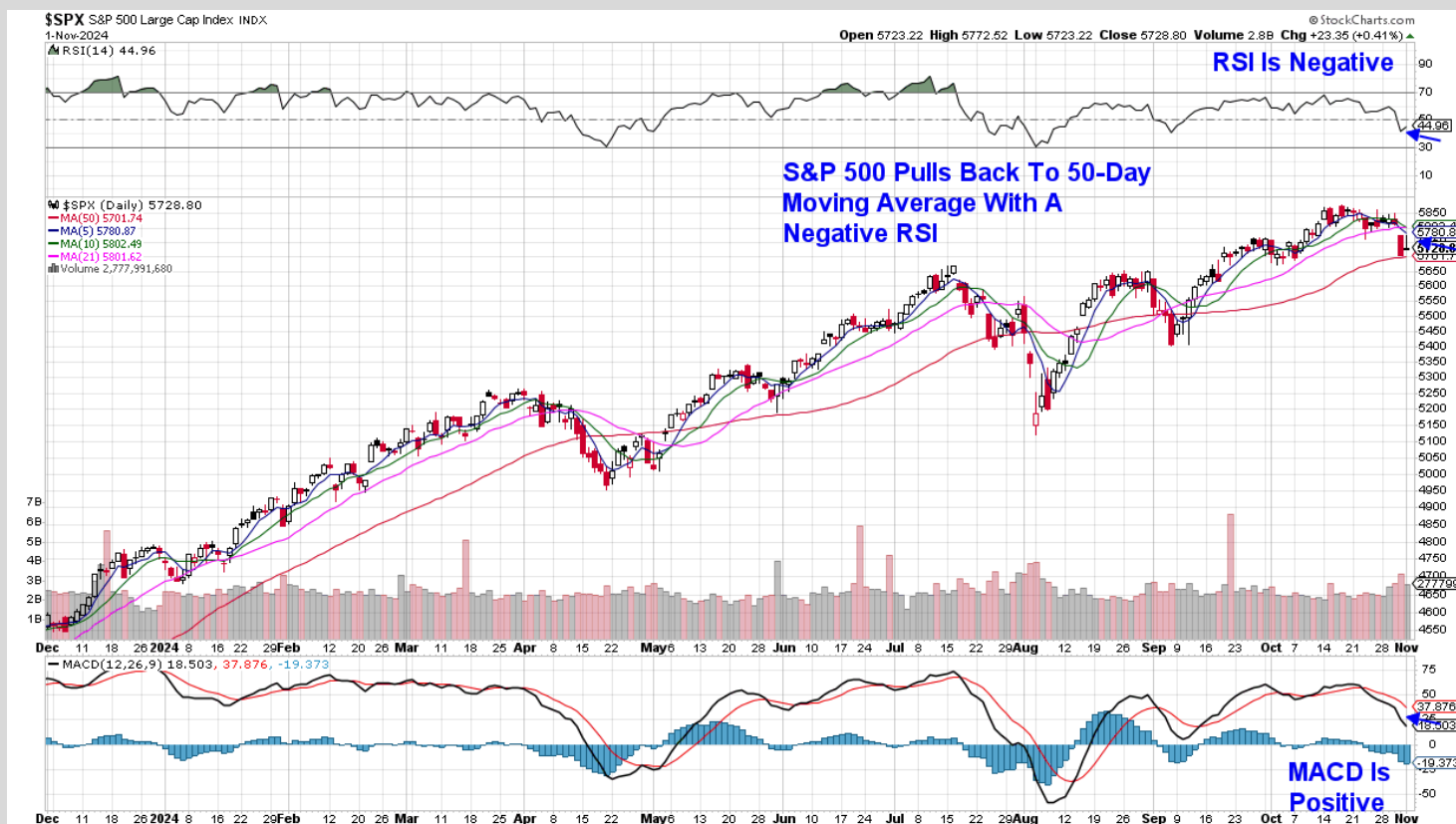
Reported Data Last Week

- Consumer Confidence Jumps In October
- 3rd Quarter GDP Posts 2.8% Growth As Economy Remains Strong
- Personal Consumption Expenditures (PCE) Show Inflation Receding
- Economy Adds Just 12,000 Jobs In October

Economic Data Due Next Week

- FOMC Interest Rate Decision On Thursday

Daily Chart of S&P 500



The S&P 500 pulled back 1.4% last week, with this Index close to its 50-day moving average and the RSI now in negative territory.

While the near-term uptrend remains in place, a close below its 50-day moving average - 0.5% away - would be a near-term negative.

On the longer-term weekly chart, the uptrend remains in place, with a positive RSI and MACD and the Index finding support above its 10-week moving average. This bodes well for the longer-term prospects for the S&P 500.

The Nasdaq pulled back a bit more, with a 1.5% decline that put the RSI into negative territory. However, the near-term uptrend for this Index remains in place, as the MACD is in positive territory and the Nasdaq is above its 50-day moving average.

That said, the markets have been exhibiting some weakness with the Technology sector now in a downtrend after closing below its 50-day moving average due to a pullback in Semiconductors as well as each of its heavyweight names - **NVDA**, **MSFT**, and **AAPL**.

Other sectors are also in a downtrend with Healthcare, Real Estate, Utilities, Staples, Materials, and Energy each trading below their 50-day moving averages. This weakness has Value stocks lagging slightly, while Growth stocks are continuing to outperform. The Consumer Discretionary and Internet Related sectors are both sitting near new highs.

Several factors drove the markets lower last week, with mixed earnings reports from M7 stocks being the biggest driver, given their heavyweights in the broader Indices.

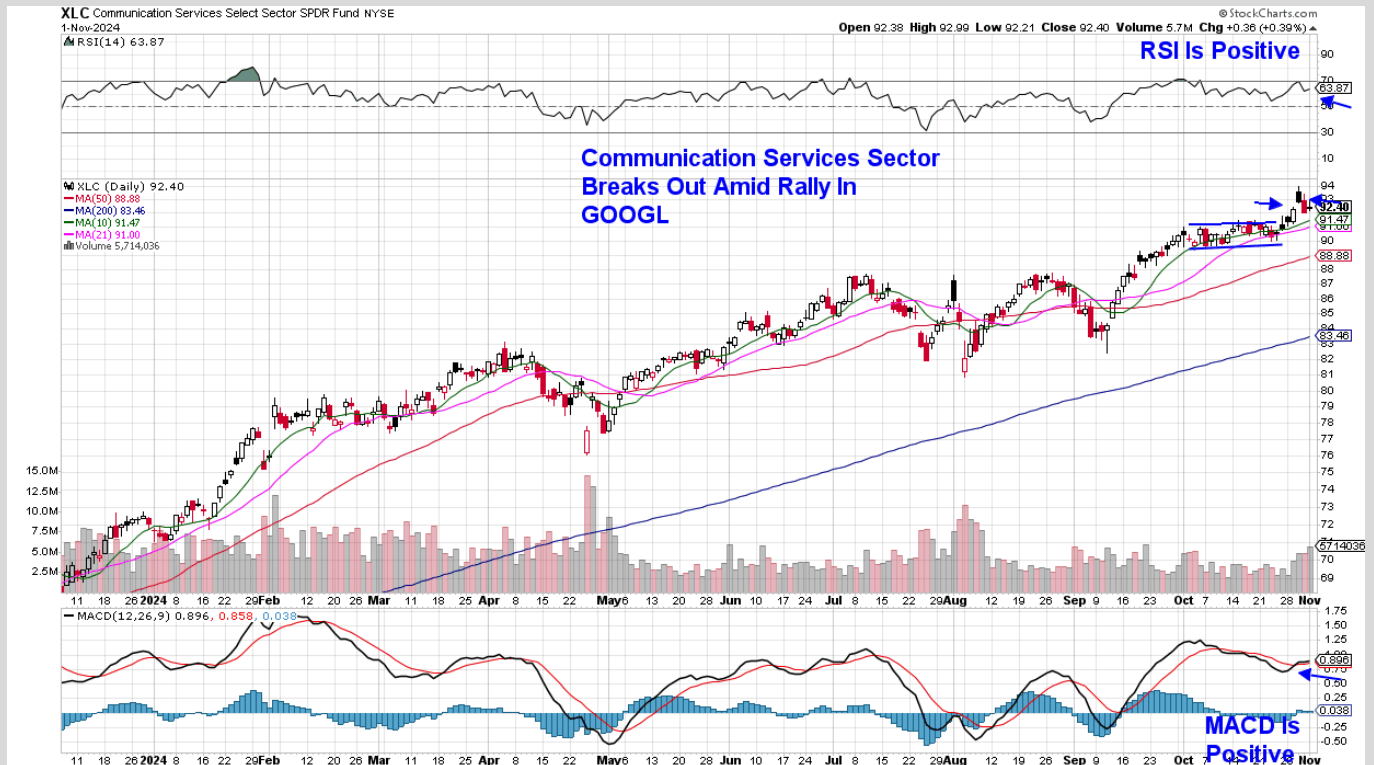
Next week, investors are preparing for more volatility as we head into Tuesday's election. Final results are not expected for at least several days beyond that.

Thursday's press conference with Fed Chair Powell will also be closely watched, as interest rate policy remains front and center.

At this time, we are cautious going into next week as the markets will need to sort through anticipated economic and political policy decisions depending on who is elected.

Longer term however, we are bullish on the markets as the economy remains resilient with overall earnings growth for the 3rd quarter coming in above expectations. In addition, the Federal Reserve is poised to continue its rate-cutting cycle.

Daily Chart of the Communication Services Sector (XLC)



Communication Services Sector Is Top Performing

Internet related stocks were among the best performing in this sector led by heavyweight stock Alphabet (**GOOGL**).

The stock rallied sharply after reporting 35% growth in their cloud computing division. The gain highlights AI's role in productivity which may help offset the company's expected spending in this area.

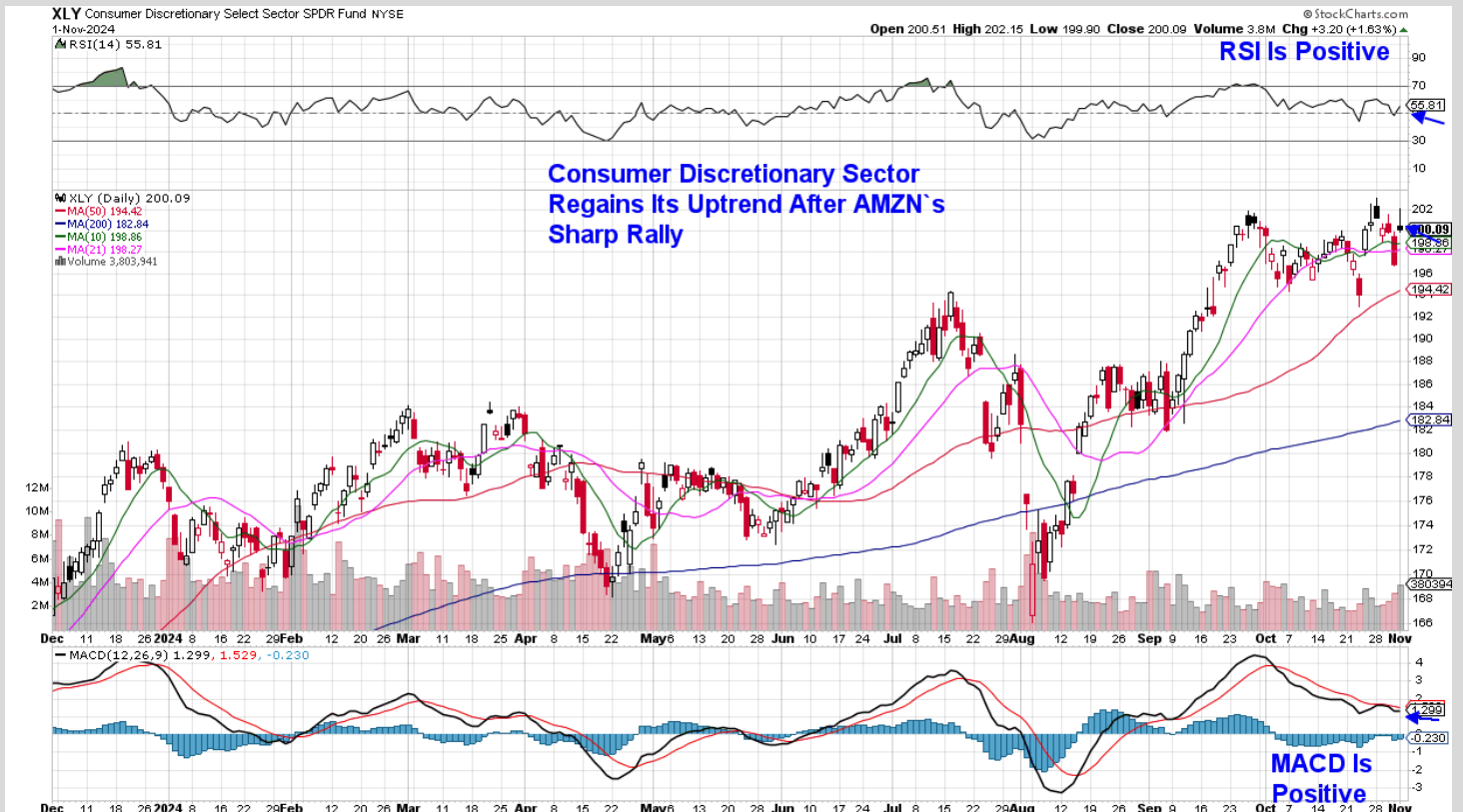
As cited last Sunday, **GOOGL** had pulled back going into earnings which put the stock in a better position from which to rally on any good news. This week, we are adding **GOOGL** to our Suggested Holdings List after a late-week pullback to its 5-day simple moving average. **GOOGL** is in a buy zone.

Heavyweight stock Meta Platforms (**META**) also reported results last week and the stock pulled back 1% for the week. While **META** reported strong growth, it increased its outlook for capital spending as they build out their AI infrastructure.

META found support above its 50-day moving average however, the RSI is now in negative territory with a negative trending MACD. **META** can be held, with a close above its 10-day moving average in the \$576 range putting it into a buy zone.

Netflix (**NFLX**) remains in a tight trading range after its gap up on earnings last month. The stock is in a bullish position and can be nibbled on here with a close above \$773 putting the stock into a strong buy zone as it would be a base breakout.

Daily Chart of the Consumer Discretionary Sector (XLY)



Consumer Discretionary Sector Sits Near New Highs

Discretionary stocks received a boost from heavyweight name Amazon (**AMZN**) which rallied in response to strong growth in several divisions.

While e-commerce is still the biggest source of revenue, the company's web services (AWS) remains the strongest growth driver for the company. Ad sales also improved considerably.

AMZN gapped up on heavy volume after releasing their results on Friday. The rally pushed the stock out of a 5-week base and we anticipate it trading higher over the near term.

Using the early February period as precedent when the stock gapped up on earnings, we anticipate a

few days of consolidation before a move higher. We would be a buyer on any pullback.

Shake Shack (**SHAK**) gapped up over 12% on Wednesday following the release of strong quarterly results. Based on the weekly chart as well as the high volume on its gap up, we anticipate further upside for the stock. **SHAK** is in a buy zone.

Walmart (**WMT**) is in a buy zone after closing the week back above its 5-day moving average on relatively high volume. A bullish MACD crossover (black line up through the red) would put the stock into a strong buy zone. **WMT** is due to report earnings later this month.

Ferrari (**RACE**) pulled back ahead of the release of their earnings next Tuesday. Analysts are revising estimates higher for next year's earnings which is bullish. The stock can be bought on a close above its 10-day moving average on any positive news.

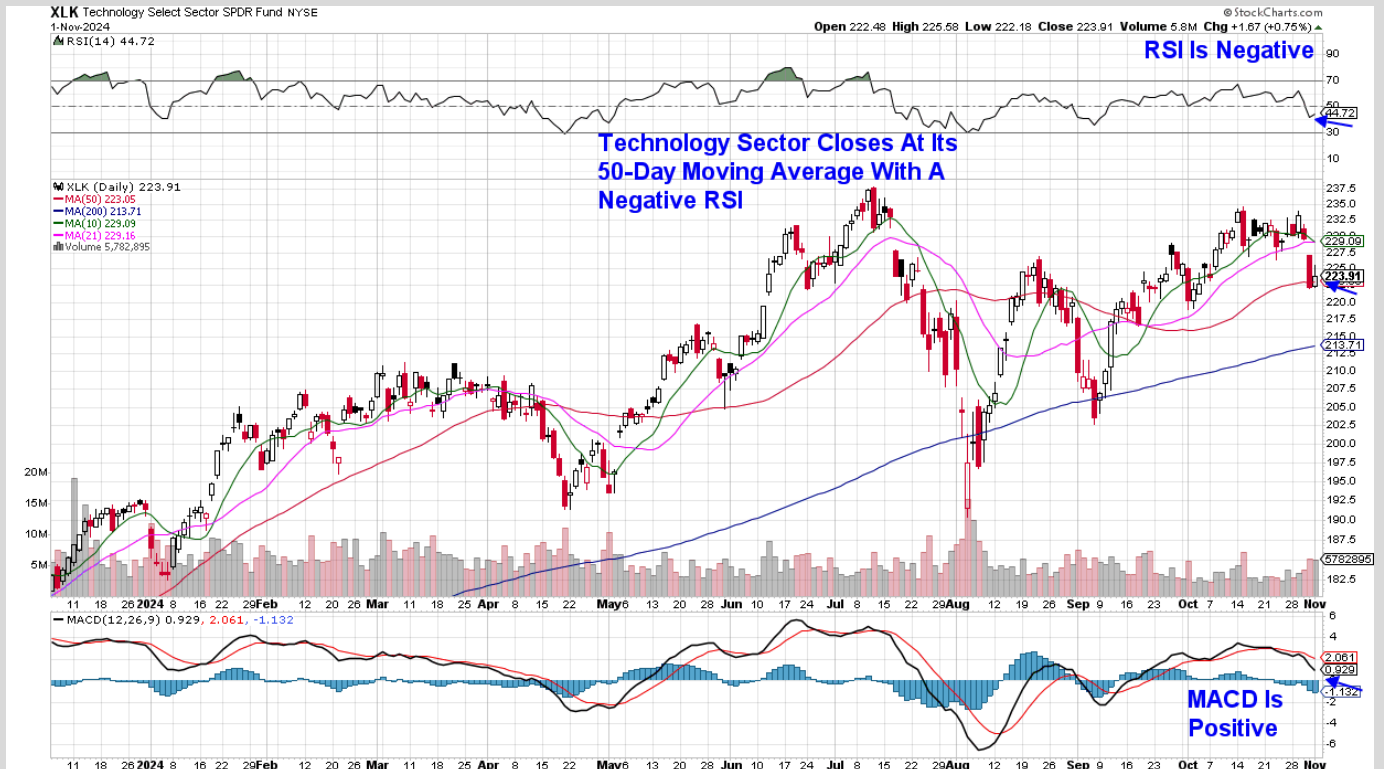
Homebuilders pulled back as interest rates continued to edge higher. Weak earnings from builder DR Horton (**DHI**) also pulled the group lower. The homebuilders' group is in a confirmed downtrend as it is below its 50-day moving average with a negative RSI and MACD. (using ETF XHB)

Toll Brothers (**TOL**) is also in a downtrend after closing the week below its 50-day moving average with a negative RSI and MACD. The stock is being removed from our Suggested Holdings List.

The weekly chart remains constructive and longer term investors can stay with the stock.



Daily Chart of the Technology Sector (XLK)



Technology Sector Approaches Downtrend

The Tech sector was hurt by a sharp pullback in heavyweight names Microsoft (**MSFT**) and Apple (**AAPL**). News of increased capital expenditures pushed **MSFT** down, while **AAPL** reported weak iPhone sales in China. Both stocks are in a downtrend.

A 4% decline in Semiconductor stocks also pulled the Tech sector down, with Nvidia (**NVDA**) losing 4.3% for the week while once-strong chip company Monolithic Power (**MPWR**) fell over 17%, after guiding growth estimates lower than expected.

Chip manufacturer Advanced Micro (**AMD**) - the top holding in SOXX - also tumbled after guiding next quarter's sales lower.

Nvidia (**NVDA**) remains in a bullish position as it closed just below its 21-day moving average with a positive RSI and MACD. The negative bias among AI-related names and Semiconductor stocks in particular, has us putting **NVDA** as a hold.

The stock will be replacing Intel (**INTC**) in the Dow Jones Industrial Average with the news expected to give **NVDA** a boost going into next week.

Taiwan Semi (**TSM**) pulled back last week as well, following news that the company has cut off more chip clients over possible Huawei links.

News after the markets closed on Friday may boost **TSM** however, after it was announced that Apple will be using their Wi-Fi chips in their iPhone 17. A close above its 10-day moving average in the \$197 range would put **TSM** into a buy zone.

Broadcom (**AVGO**) is continuing to struggle despite news that the company is working with OpenAI on a new AI chip. The stock closed the week just at its 50-day moving average with a negative RSI. A close above its 21-day moving average in the \$177 range would put the stock into a buy zone. Until then, **AVGO** can be held.

Both Arm Holdings (**ARM**) and Qualcomm (**QCOM**) are due to report earnings next week and their results are expected to impact the Semiconductor group.

Computer Networking stock Arista Networks (**ANET**) closed the week flat ahead of the release of their earnings on Thursday. Analysts are raising their earnings estimates going into their report which is viewed as bullish.

Software stocks ended the week flat after a Thursday pullback in Tech moved the group below a new high in price. (using ETF IGV)

Among stocks on our List, Q2 Holdings (**QTWO**) remains in a confirmed uptrend going into the release of their earnings on Wednesday. The provider of cloud-based, virtual banking software is "priced for perfection" as it is sitting at a near-term high in price.

QTWO has been able to post earnings-driven gains despite being at a near-term high in the past however, and we are on the lookout for a bullish MACD crossover on any positive news.

Fair Isaac (**FICO**) is also due to report their earnings on Wednesday and the stock has been in a tight trading range over the past 2 weeks.

As noted in our Wednesday report, **FICO** is in a bullish position similar to prior periods where the stock hits a new high (earlier this month) and then consolidates before another leg up. This puts the stock in an ideal position to trade higher with any positive report.

Palantir (**PLTR**) is due to report their earnings on Monday, and the stock pulled back 6.5% going into their release due to valuation and AI spending concerns.

PLTR did not pull back as much as it did prior to its last quarterly results however, where the stock's RSI and MACD were positioned at lower levels. This gave **PLTR** more room to run.

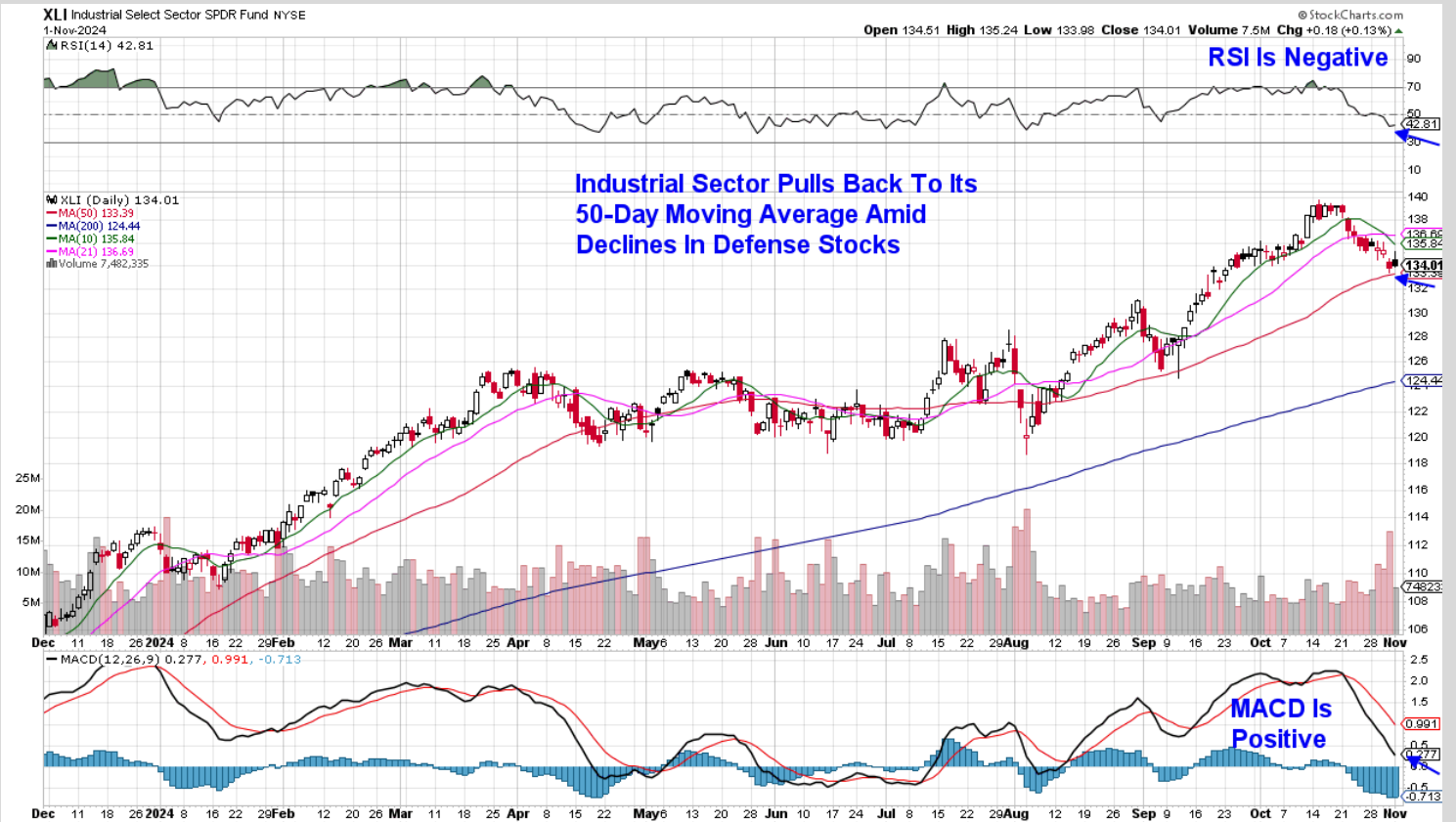
It will take exceptional quarterly results, coupled with an outstanding growth outlook going forward, for the stock to rally strongly from its current position.

Monday.com (**MNDY**) will report earnings the week after next, and the stock's bullish price action on Friday - closing in the upper portion of its daily price range following a dip below its 21-day moving average - keeps its uptrend firmly in place. The stock is in a buy zone.

Software stocks are holding in surprisingly well, given that interest rates are continuing to rise. These companies tend to sell off in a rising rate environment due to the future value of their recurring revenues being negatively impacted.

Management's outlook for growth going forward will be closely watched among the Software stocks due to report next week.

Daily Chart of the Industrial Sector (XLI)



Industrial Sector Pulls Back Amid Weakness In Defense Stocks

The Industrial sector pulled back again last week, as earnings reports from select Aerospace and Defense stocks came in below estimates. These companies have fixed-price contracts with the government but are absorbing increased costs due to supply chain issues.

This negative backdrop for large aerospace companies has been a positive for aircraft leasing firms however. This would include FTAI Aviation (FTAI) which has continued to trend higher all year.

The stock originally fell after reporting results last week after management failed to disclose certain metrics; however, **FTAI** jumped higher on Friday

following FAA approval for a needed engine part which the company can produce for a lower cost. This will improve margins for **FTAI** which received a price target upgrade to \$300 on the news.

FTAI is in a buy zone after closing above its 10-day moving average. A bullish MACD crossover coupled with a close above \$150 would put the stock into a strong buy zone.

EMCOR (**EME**) also reported quarterly results last week with the company posting record revenues and operating income with earnings that were above estimates.

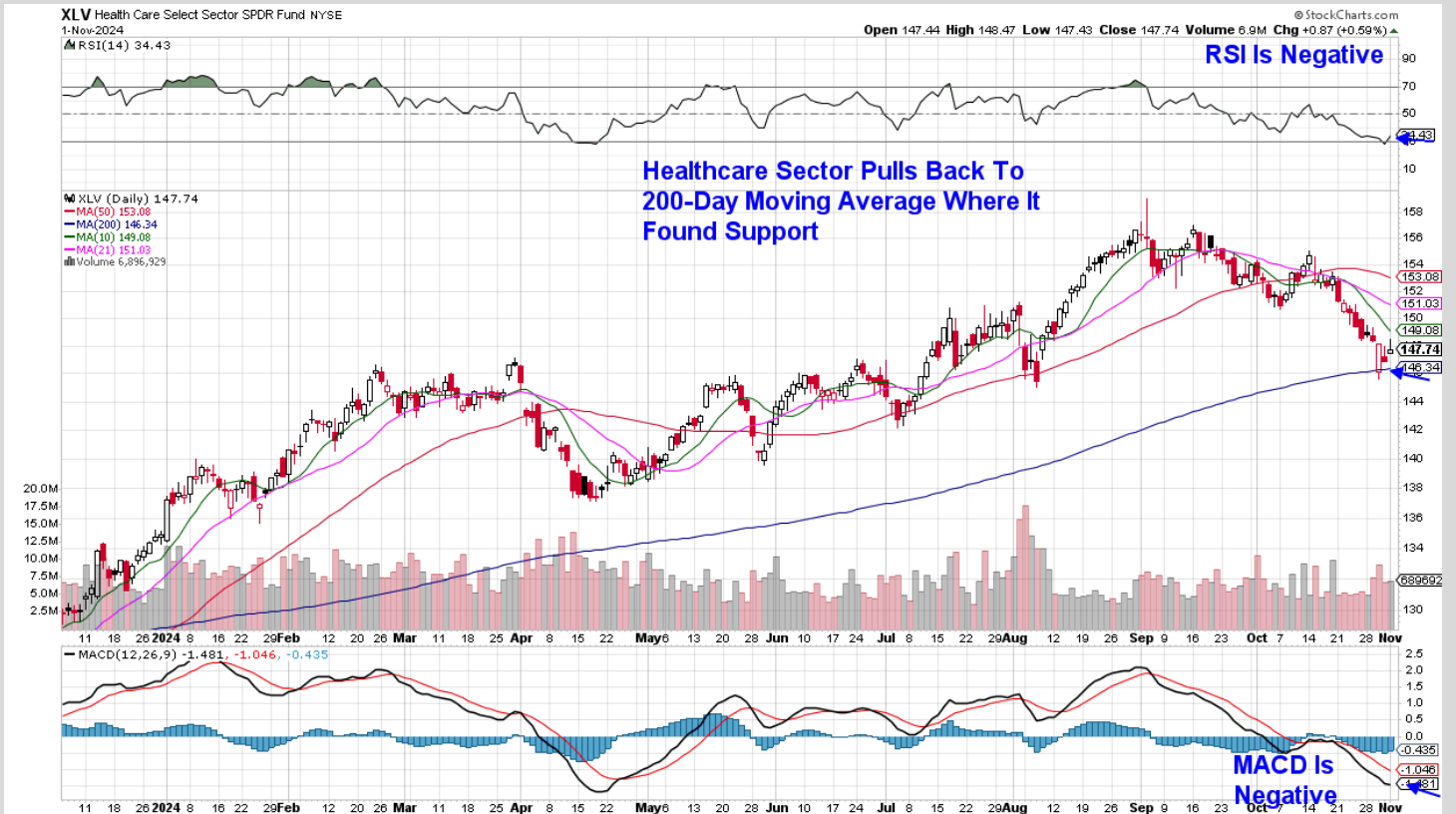
EME posted a 5.8% gain for the week which pushed the stock to a new high with the RSI now in positive territory. The stock is in a buy zone.

Granite (**GVA**) gained 5.9% after reporting their highest quarterly revenue increase along with expansion of their profit margins. The infrastructure contracting company believes we are still in the early stages of seeing the benefits from the federal infrastructure bill.

GVA is in a buy zone after Thursday's downtrend reversal on heavy volume. Friday's follow-up rally, pushed the MACD into a bullish crossover on the daily chart.



Daily Chart of the Health Care Sector (XLV)



Healthcare Sector Remains In A Downtrend

Healthcare stocks fell further last week, with the sector now at its 200-day moving average. A continued drop in Pharmaceutical companies as well as weakness in Health Insurers is hurting this group.

Healthcare issues have been a focus going into next Tuesday's Presidential election and should Harris win, Pharmaceutical giants will suffer due to her proposal to cap drug prices.

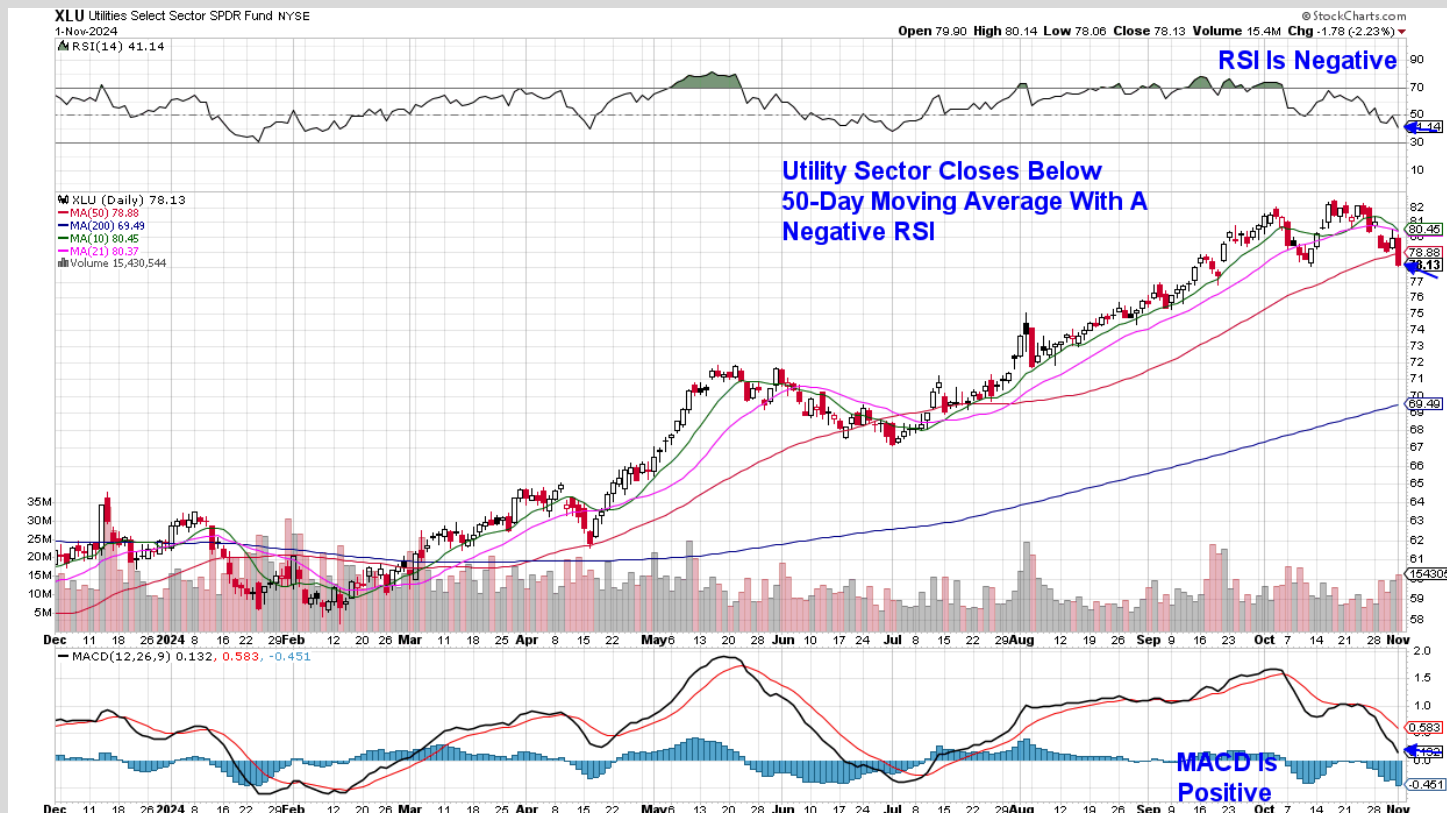
Medical Products stocks were flat for the week with Intuitive Surgical (**ISRG**) pulling back as the stock continues to consolidate after its gap up on earnings 2 weeks ago.

With the RSI and MACD in positive territory, a close back above its 10-day moving average in the \$512 range would put **ISRG** into a buy zone.

Boston Scientific (**BSX**) has pulled back further despite reporting earnings and sales above estimates over a week ago, while raising growth guidance going forward.

The decline took place after the company announced that it paused enrollment in its pulsed field ablation study which was expected to drive growth going forward. **BSX** is being removed from our Suggested Holdings List after closing below its 50-day moving average with a negative RSI.

Daily Chart of the Utility Sector (XLU)



Utility Sector Is Among Worse Performing

Utility stocks pulled back sharply as any hint of a weak quarterly report pushed stocks down from recent highs in price.

The Utility sector remains among the top performing year-to-date despite last week's 2.8% decline. However, the pullback pushed the group below its 50-day moving average on heavy volume with the RSI now in negative territory.

Dominion Energy (**D**) reported earnings that were above estimates on Friday which pushed the stock to a new high before a late day pullback.

Dominion's Virginia utility services the world's largest data center market which is larger than the combined capacity of the next five largest data center markets in the US.

A close back above its 10-day moving average in the \$60 range would put **D** into a buy zone.

Summary

The markets have been surprisingly steady as we head into Tuesday's election. While the presidential race is tight and the outcome unknown, the Federal Reserve's decision on Thursday is easier to forecast. With inflation continuing to recede, investor's are on the lookout for interest rates to be cut by 0.25%.

The markets will be on the lookout for hints regarding policy going forward as well, as there's a rate cut on the table for December. Thursday's press conference may provide insights.

Earnings reports will continue to impact the markets. Berkshire Hathaway (BRKB) reported results on Saturday, where it was revealed that they've boosted their cash to a record level. →

This may not sit well with the markets. Next week, heavyweight Tech names such as Palantir (PLTR) from our List are due to report results.

As cited earlier, several sectors are in a downtrend with the percent of stocks above their 50-day moving average now at 49%. We've reached this level and lower in both April and August of this year, and both times proved to be a buying opportunity - particularly for Growth areas such as Technology and Discretionary stocks. As always, monitoring the monthly charts will help keep you in superior stocks for the longer term.

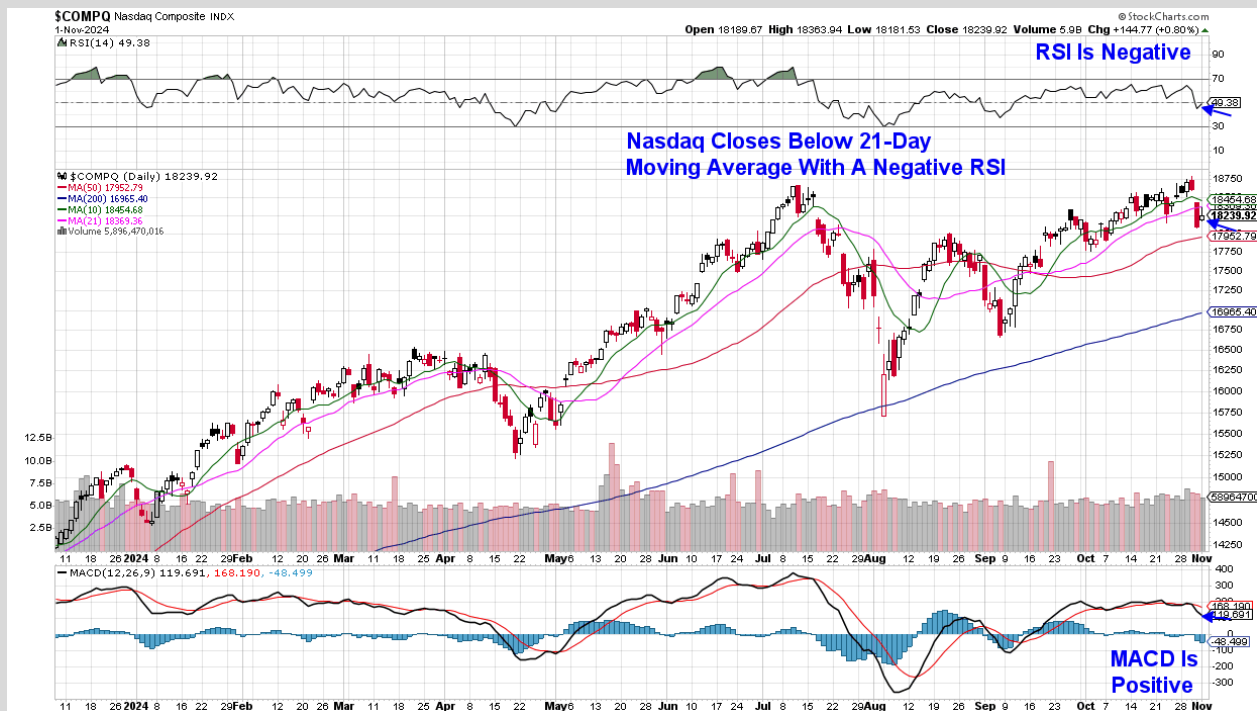
New Idea Charts:

Daily Chart of Alphabet Inc. (GOOGL)

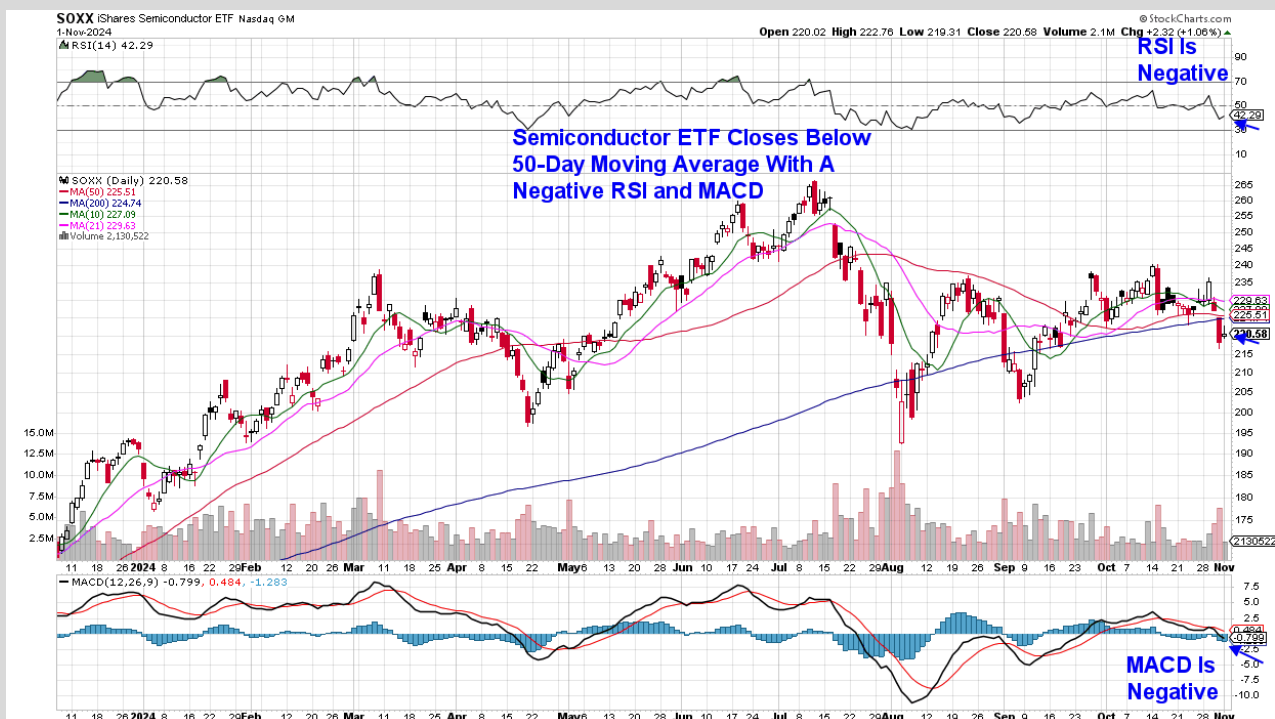


Charts We Are Watching:

Daily Chart of Nasdaq Composite (\$COMPQ)



Daily Chart of iShares Semiconductor ETF (SOXX)



MEM Edge Report Suggested Holdings

Stocks With Emerging Leadership Characteristics

\$ = Earnings Due	Buy Zone	Strong Buy	Buy on Pullback	Removed From List
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SYMB	COMPANY	PRICE	DATE ADDED	PERFORMANCE	EARNINGS DUE
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CONSUMER DISCRETIONARY					(AM) - After Market Closes (BM) - Before Market Opens
AMZN	Amazon	\$191.60	9/22/2024	-3.0%	
RACE	Ferrari	\$469.08	10/13/2024	3.0%	Earnings Tues BM
SHAK	Shake Shack	\$110.02	10/6/2024	0.5%	
TOL	Toll Brothers	\$139.50	7/27/2024	11.0%	
WMT	Walmart	\$72.90	8/15/2024	12.0%	

FINANCIAL					
D	Dominion Energy	\$60.50	10/16/2024	-2.5%	
INDUSTRIAL					
EME	Emecor Group	\$420.00	9/22/2024	4.5%	
FTAI	FTAI Aviation	\$58.00	3/17/2024	113.0%	
GVA	Granite Construction	\$76.37	9/15/2024	12.5%	

HEALTHCARE					
BSX	Boston Scientific	\$81.80	9/2/2024	3.0%	
ISRG	Intuitive Surgical	\$598.80	10/20/2024	22.0%	

TECHNOLOGY					
ANET	Arista Networks	\$384.50	9/22/2024	2.5%	Earnings Due Thursday AM
AVGO	Broadcom	\$175.50	9/25/2024	-2.5%	
FICO	Fair Isaac	\$2,024.90	10/9/2024	-1.5%	Earnings Due Thursday AM
FTNT	Fortinet	\$82.80	10/13/2024	-5.0%	Earnings Due Thursday AM
MONDY	Monday.com	\$258.99	9/12/2024	18.5%	buy zone
NVDA	Nvidia	\$123.50	9/25/2024	10.0%	
PLTR	Palantir	\$32.10	8/18/2024	31.0%	Earnings Due Monday AM
Q TWO	Q2 Holdings	\$79.00	9/22/2024	4.5%	Earnings Due Wed AM
TSM	Taiwan Semiconductor	\$181.90	9/25/2024	7.5%	

COMMUNICATION SERVICES					
GOOGL	Alphabet	\$171.30	11/3/2024		
NFLX	Netflix	\$701.40	9/2/2024	7.0%	
META	Meta Platforms	\$550.00	9/22/2024	1.0%	

Longer Term Hold Candidates That Were Removed From Suggested Holdings List

SYMB	COMPANY NAME	CURRENT STATUS
AAPL	Apple	Hold
MPWR	Monolithic Power	Hold
GE	GE Aerospace	Hold
TOL	Toll Brothers	Hold

These stocks were removed due to short term downtrends after breaks below key support. However, their longer term weekly charts remain constructive and these stocks can be held.

Glossary of Terms Used From Our Suggested Holdings

Buy Zone

This means the stock is in a confirmed uptrend and is finding support at its upward-trending key moving averages and can be bought. If you own the stock, stay with it.

Strong Buy

This means we have slightly more conviction in the ability of this stock to outperform the markets over the next week. The stock may be poised to break out of a base, it may be in a strong industry group or there may be recent good news. In other words, the stock has some edge that should help propel the stock higher.

Buy on Pullback

In this case, the stock is a bit over-bought (or extended) and may need to come in a little before buying. This is usually following a particularly strong week where the stock was up a lot. We would look for a pullback to the stock's upward-trending 10-day moving average as an optimal entry point.

Not Highlighted

These are stocks that remain positive and can be held if you own them. However, they currently do not appear poised to have an upward move. The stock may be consolidating after a large advance or be in an industry group that is not in favor. The longer-term uptrend remains in place however.

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