



THE MEM EDGE

Midweek Report

Wednesday, November 6, 2024

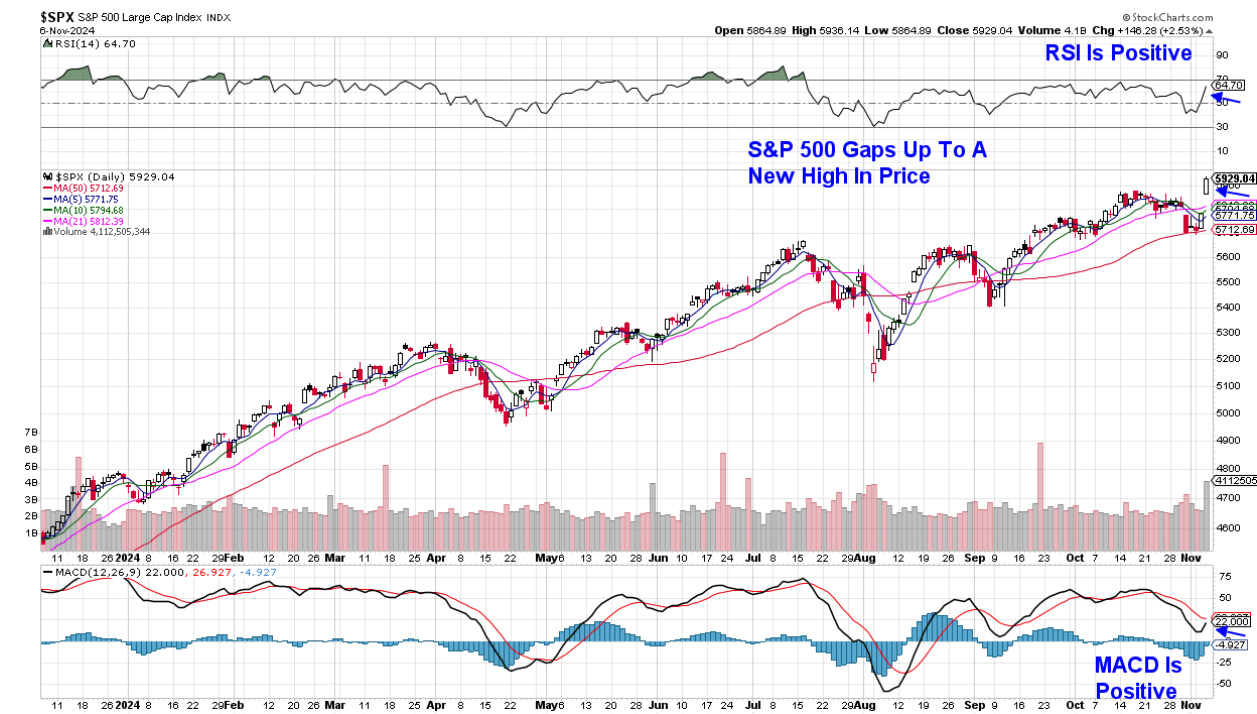
Developments This Week

- Trump Wins Presidential Election
- Banks, Industrials, Consumer Discretionary and Tech Stocks Rally Sharply
- S&P 500 And Nasdaq Close at New Highs
- Removing Ferrari (**RACE**) and Dominion (**D**) From Suggested Holdings List.

Upcoming Data

- FOMC Interest Rate Decision and Powell Speech Tomorrow
- Core CPI And PPI Data Due Next Week

DAILY CHART OF S&P 500 INDEX



The S&P 500 has gained 3.5% which puts this Index at a new high in price. With the RSI and MACD in positive territory, the near-term uptrend in this Index is in place.

The Nasdaq is also at a new high after a 4.1% gain that puts the RSI back into positive territory where it joins the MACD. The near-term uptrend is in place.



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Midweek Report

The broader markets rallied sharply today following investors' reaction to Trump's return to the White House. Areas seeing the most gains are those that would benefit from Trump's promises, with corporate tax cuts automatically boosting stocks.

The outlook of higher growth has pushed economically sensitive areas up sharply as Industrials, Consumer Discretionary, Banks, and Technology which have been among the biggest winners.

Energy stocks have gained the most, however, as increased demand for Oil is anticipated amid a growing economy. These stocks fare well in periods of rising inflation as well, and Trump's potential tariff and immigration programs are anticipated to increase inflation.

Tesla (TSLA) has been among the biggest gainers as Musk's Trump support is paying off. Among other M7 stocks, Meta Platforms (**META**) is sitting out this week's rally as investors appear to be anxious about the relationship between Trump and META CEO Zuckerberg.

META is struggling at its 50-day moving average with a negative RSI. A close above its 21-day moving average in the \$578 range would put the stock into a buy zone. For now, **META** can be held.

Netflix (**NFLX**) broke out of a 2-week base today and the stock can be bought on any pullback to the \$764 range near its 5-day moving average.

Alphabet (**GOOGL**) gapped up today and the stock is in a strong buy zone as the weekly chart has posted a MACD crossover. This is quite bullish for the longer-term prospects of the stock.

Among other M7 stocks, Nvidia (**NVDA**) has gained 7.8% this week with a rally today that's pushing the stock out of a 2-week base. Trump's policies are not expected to impact the company. **NVDA** is in a buy zone.

Taiwan Semi (**TSM**) has been negatively impacted from the election results, however, after several negative Trump comments regarding the company's dominance in chip manufacturing. **TSM** remains in a tight trading range and can be held.

The Semiconductor industry group has regained its uptrend with a 3% rally that puts it back above its 50-day moving average. (using ETF SOXX). This group is highly cyclical and the prospects of a growing economy is positive however, not all areas are advancing with AI-related names such as those on our List remaining the strongest.



THE MEM EDGE

Midweek Report

This would include Broadcom (**AVGO**) which has gained 6% this week with a gap up in price today that puts the stock into an uptrend after closing above its 21-day moving average. **AVGO** is in a buy zone and a bullish MACD crossover (black line up through the red), would provide more conviction.

Well-known Semiconductor stocks (**ARM**) reported results today after the markets closed and the stock is down 5.6% despite beating estimates. The company kept growth estimates going forward, the same.

(**QCOM**) on the other hand, has rallied 6% after the markets closed today. The company came in above estimates and raised growth guidance higher.

Software stocks are among the biggest winners in Tech this week, led by Palantir (**PLTR**) which has gained 32.5% after reporting earnings and sales on Monday that were above estimates. The company guided growth estimates higher for next year as well.

PLTR has already proven itself as an AI monetizer by working with government customers for counterterrorism and military purposes. The company is now looking to expand in the commercial industry. **PLTR** can be bought on any pullback as the RSI is now above 80 and overbought.

Using the early February gap up on earnings as precedent, we are on the lookout for a period of consolidation for **PLTR** and the stock can be held.

Q2 Holdings (**QTWO**) gapped up 5% today ahead of the release of their earnings after the market's close today. The company reported sales ahead of estimates and guided growth higher for next quarter. The stock is in a buy zone.

Fair Isaac (**FICO**) is due to report earnings tomorrow before the markets open and the stock reversed its downtrend today after a gap up in price going into their numbers. A positive MACD on any positive news would put the stock into a strong buy zone.

Monday.com (**MNDY**) gapped up over 6% ahead of their release of quarterly results next Monday. Using the mid-August period as precedent, we anticipate the stock to remain elevated going into their earnings call. Today's rally pushed **MNDY** out of a high, tight flag formation.



THE MEM EDGE

Midweek Report

Fortinet (**FTNT**) has reversed its downtrend with a close above its 21-day moving average and a positive RSI before reporting earnings tomorrow. This puts the stock into a buy zone and a bullish MACD crossover on the daily chart would put **FTNT** into a strong buy zone.

FTNT is due to report their earnings before the markets open tomorrow.

The Consumer Discretionary sector gapped up into a base breakout and a new high in price on heavy volume today. (using XLY).

The sector was given a big boost from TSLA's rally as well as Amazon (**AMZN**) which broke out of a 4-month base on heavy volume. The stock is in a strong buy zone and we would be a buyer on any pullback toward the \$201 base breakout level.

Shake Shack (**SHAK**) gapped up out of a 1-week base with an 8.2% gain for the week that puts the RSI above 80 and in an extended position on its daily chart. Using the mid-February period as precedent, we would be a buyer of **SHAK** on any pullback to its 5-day moving average in the \$126 range.

Toll Brothers (**TOL**) bullishly closed above each of its moving averages however, weak price action in the group amid the prospects of higher interest rates has us putting the stock as a hold.

Walmart (**WMT**) pulled back from a new high in price today. The stock is in a buy zone with a positive RSI and MACD. They are due to report earnings later this month.

Ferrari (**RACE**) pulled back sharply despite reporting earnings that were better than expected. The company reported shipping fewer supercars as demand in China was weak. The stock has closed below its 50-day moving average with the RSI now negative on the weekly chart. We are removing **RACE** from our Suggested Holdings List.

The Industrial sector (XLI) is among the top performing after a 4% rally today pushed the sector out of a 1-month base. The potential for a growing economy is bullish for Industrials.

Among names on our List, EMECOR (**EME**) is a top performer with a 10.8% rally for the week so far. We had identified the stock as being in a buy zone on Sunday after the company posted record revenues and operating income with earnings that were above estimates.



THE MEM EDGE

Midweek Report

EME remains in a position to trade higher however, we are on the lookout for a pullback near the \$480 level as a buy point.

Granite Construction (**GVA**) was also identified as being in a buy zone after the company reported their highest quarterly revenue increase last week. The stock has gained 10% this week which now puts the RSI at 85 on the weekly chart. We are on the lookout for a pullback to the \$89 level at its 5-day moving average for a buy point.

FTAI Aviation (**FTAI**) posted a more modest 4.5% gain as the stock recovered from a pullback to its 50-day moving average. The stock is on the cusp of a \$150 base breakout which would put this buy zone stock into a strong buy zone.

Healthcare stocks are continuing to struggle with the sector remaining in a downtrend as it's flat for the week. Boston Scientific (**BSX**) is outperforming however with a 3.5% rally that puts the stock into a buy zone after a close above its 21-day moving average. The rally took place amid an acquisition that is expected to improve revenues.

Intuitive Surgical (**ISRG**) is also in a buy zone after a rally this week that puts the stock closer to a possible \$523.3 base breakout which would put the stock into a strong buy zone.

Utility stocks have pulled back further this week after regulators rejected Amazon's request to draw more power from the Susquehanna plant to supply energy for their next site.

Dominion (**D**) has also pulled back with a decline that has the stock now below its 50-day moving average as well as its 10-week mav. Coupled with a negative RSI, we are removing **D** from our Suggested Holdings List.

While today's sharp rally in economically sensitive areas of the market is quite bullish for the markets, many Industrial, Financial, and Discretionary stocks from our Watch List are extended out of buy zones.

In addition, uncertainty still remains around the election as Republicans have won control of the Senate and while that's critical, the House remains undecided.

We anticipate adding new names to our Suggested Holdings List on Sunday.

Warmly,
Mary Ellen McGonagle
Editor, MEM Edge Report