



THE MEM EDGE

Midweek Report

Wednesday, November 13, 2024

Key Data Released This Week

- Core Consumer Price Index (CPI) Rises By 0.3%

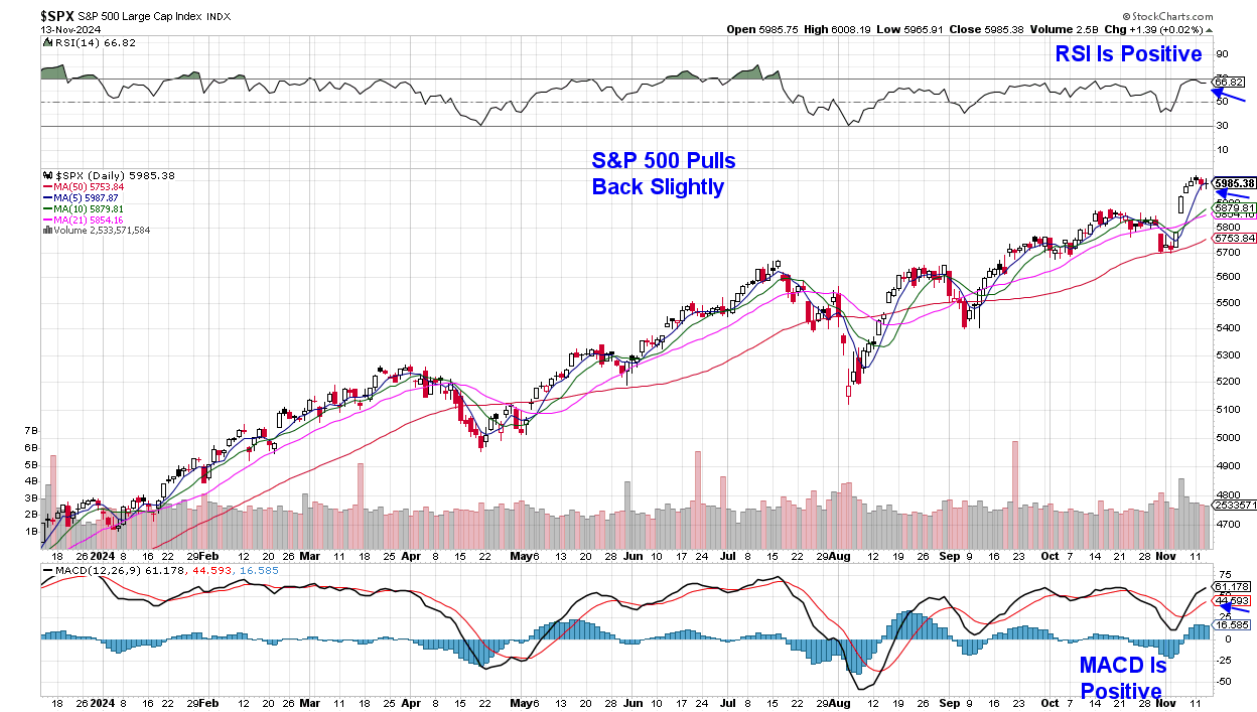
Key Data Due Thursday and Friday

- Weekly Jobless Claims and Producer Price Index (PPI) Due Thursday
- Retail Sales and Industrial Production Due Friday

Market Developments This Week

- Interest Rates Climb Amid Inflation Fears
- Semiconductors Drop 5.6% - Now In a Downtrend
- Removing Monday.com (**MNDY**) From Suggested Holdings List

DAILY CHART OF S&P 500 INDEX





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The S&P 500 is down 0.2% for the week, in a move that keeps the near-term uptrend in place as the RSI and MACD are both in positive territory.

Cyclical areas such as Consumer Discretionary, Banks, and Internet stocks continue to outpace Defensive areas with Healthcare, Staples, REITs, and Utility stocks each down over 1%.

The Nasdaq has pulled back 0.3%, as gains in select Software stocks are making up for a sharp pullback in Semiconductor stocks. M7 stocks are mixed as well. The Nasdaq remains in a confirmed uptrend.

The Consumer Discretionary sector is the top performing this week, led by a 2.8% rally in Amazon (**AMZN**) which puts this stock at a new high. The gains took place today after the company unveiled their discount e-commerce service designed to compete with PDD's Temu. **AMZN** is in a buy zone.

Walmart (**WMT**) remains in a confirmed uptrend ahead of their earnings release next Tuesday. Analysts are revising estimates higher going into the report which is a positive. **WMT** is in a buy zone.

Housing stocks are pulling back amid an uptick in interest rates due to inflation fears from potential Trump policies as well as a stronger-than-expected CPI report today.

Toll Brothers (**TOL**) has pulled back 3.8% however, it remains above its 50-day moving average with a positive RSI and MACD. **TOL** can be held.

Shake Shack (**SHAK**) has pulled back 2.8%, in a move that puts the stock below its 10-day moving average. A close above the \$128 range would put the stock into a buy zone.

The Technology sector is pulling back 0.8% amid a selloff in Semiconductor stocks which is being led by Monolithic Power (**MPWR**) which is continuing to decline amid news that NVDA has canceled all unconfirmed backlog orders of their chips. The stock is down 21% this week and is being removed from our Long Term Hold list.

Taiwan Semiconductor (**TSM**) has lost 7.2% this week amid news that the U.S. Commerce Department has told the company to stop sending advanced chips to China, effective immediately.



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TSM now has a negative RSI as the stock approaches its 50-day moving average. The company has not replied to the U.S. demands and the stock can be held. A close below its 50-day moving average - 1.1% away - would most likely have us removing the stock from our Suggested Holdings List.

Broadcom (**AVGO**) is in a similar position, with a negative RSI as it trades close to its 50-day moving average. The stock can be held.

Nvidia (**NVDA**) has held in better with a 0.9% pullback that has the stock trading near its 5-day simple moving average. Given the weakness in Semiconductor stocks overall, we would not be a buyer at this time. **NVDA** is due to report their earnings next Wednesday.

Software stocks are up another 3% amid strong earnings reports. Not all names are faring well however, with Monday.com (**MNDY**) falling 17% despite reporting earnings that were above estimates. The decline took place after the company's guidance for sales was weaker than expected.

While the weekly chart remains constructive, shorter-term investors will want to sell **MNDY** after its close below its 50-day moving average with a negative RSI.

Fortinet (**FTNT**) has rallied 6.5% this week, which put the RSI above 80 and in an overbought position. We are on the lookout for a period of consolidation before further upside.

Palantir (**PLTR**) has rallied 4% as it continues to find support above its 5-day moving average. With the RSI at 83 and in an oversold position, **PLTR** can be held.

Both Fair Isaac (**FICO**) and Q2 Holdings (**QTWO**) have gained 0.5% as they digest last week's sharp gains on the heels of strong earnings. Both stocks are in a trading range and can be held.

Industrial stocks are flat for the week however, FTAI Aviation (**FTAI**) has gained 3.4% as the stock finds support above its 5-day moving average. The stock remains in a buy zone.

As noted on Sunday, we were on the lookout for **GVA** to consolidate after the RSI got as high as 86. The stock is doing just that as it finds support above its 5-day moving average. **GVA** can be held.



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EMCOR (**EME**) is pulling back, and a move to its 10-day moving average in the \$489 range would put the stock into a buy zone.

General Electric (**GE**) is struggling a bit with a 0.7% pullback. As noted on Sunday, we would have more conviction for the stock if the MACD were to turn positive. We are not there yet.

Netflix (**NFLX**) is in a confirmed uptrend after this week's 4.5% gain following news that the company has reached 70 million monthly users of their streaming ad tier. The stock can be bought on a pullback to the \$810 range at its 5-day moving average.

Alphabet (**GOOGL**) is trending sideways and a move above \$182 would push the stock out of cup with handle base breakout and into a strong buy zone. Meta (**META**) can be held.

Healthcare is the weakest sector however, both Intuitive Surgical (**ISRG**) and Boston Scientific (**BSX**) are in a buy zone as they find support above their upward-trending shorter-term moving averages. We would not overweight the stocks however, due to general weakness in the group.

Today's higher-than-expected CPI report has tempered investors' outlook for a rate cut in December. In response, interest rates are ticking higher which in turn, has hurt Small Cap stocks the most. Biotech stocks are also pulling back sharply.

Tomorrow's PPI report will provide further inflation-related information which may impact the markets.

While we are seeing weakness in Semiconductors as well as the more defensive Healthcare, Utilities, and Staples, the overall markets are holding in well after last week's sharp rally. This is constructive.

Warmly,
Mary Ellen McGonagle
Editor, MEM Edge Report