



THE MEM EDGE

November 17, 2024 | Weekly Report

Key Data Released This Week

- Core Consumer Price Index (CPI) Rises By 0.3%
- PPI Shows Wholesale Prices Rising Again
- Retail Sales Show Economy Remains Strong

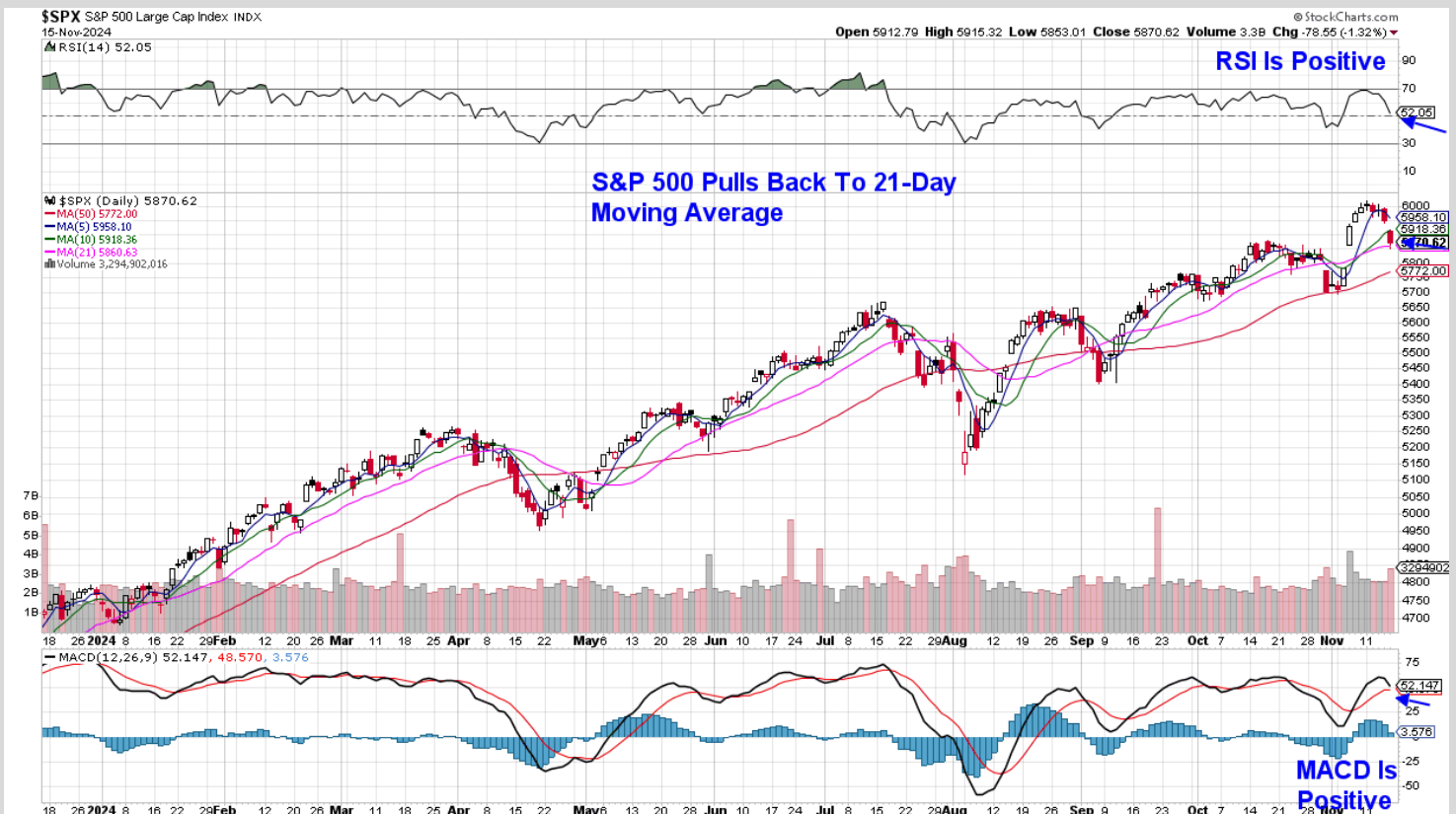
Market Developments This Week

- Interest Rates Climb Amid Inflation Fears
- Semiconductors Drop 8.7% - Now In a Downtrend
- Volatility Index Moves Higher
- Healthcare Sector Drops 5.6% Amid Political Nomination

Key Data Due Next Week

- NVDA Earnings Due Wednesday

Daily Chart of S&P 500



The S&P 500 fell 2.1% which puts this Index at its 21-day moving average. With the RSI and MACD in positive territory, the near-term uptrend remains in place.

The Nasdaq lost 3.1%, a move that puts this Index below its 21-day moving average. The RSI and MACD remain in positive territory which keeps the near-term uptrend in place.

It was a very mixed week, with ongoing uncertainty about the incoming administration's policies, continuing to fuel the so-called Trump Trade.

Financials and Energy stocks rose on expectations of deregulation and merger approvals, while Healthcare stocks fell sharply after Robert F. Kennedy Jr. was named as a nominee for Health and Human Services.

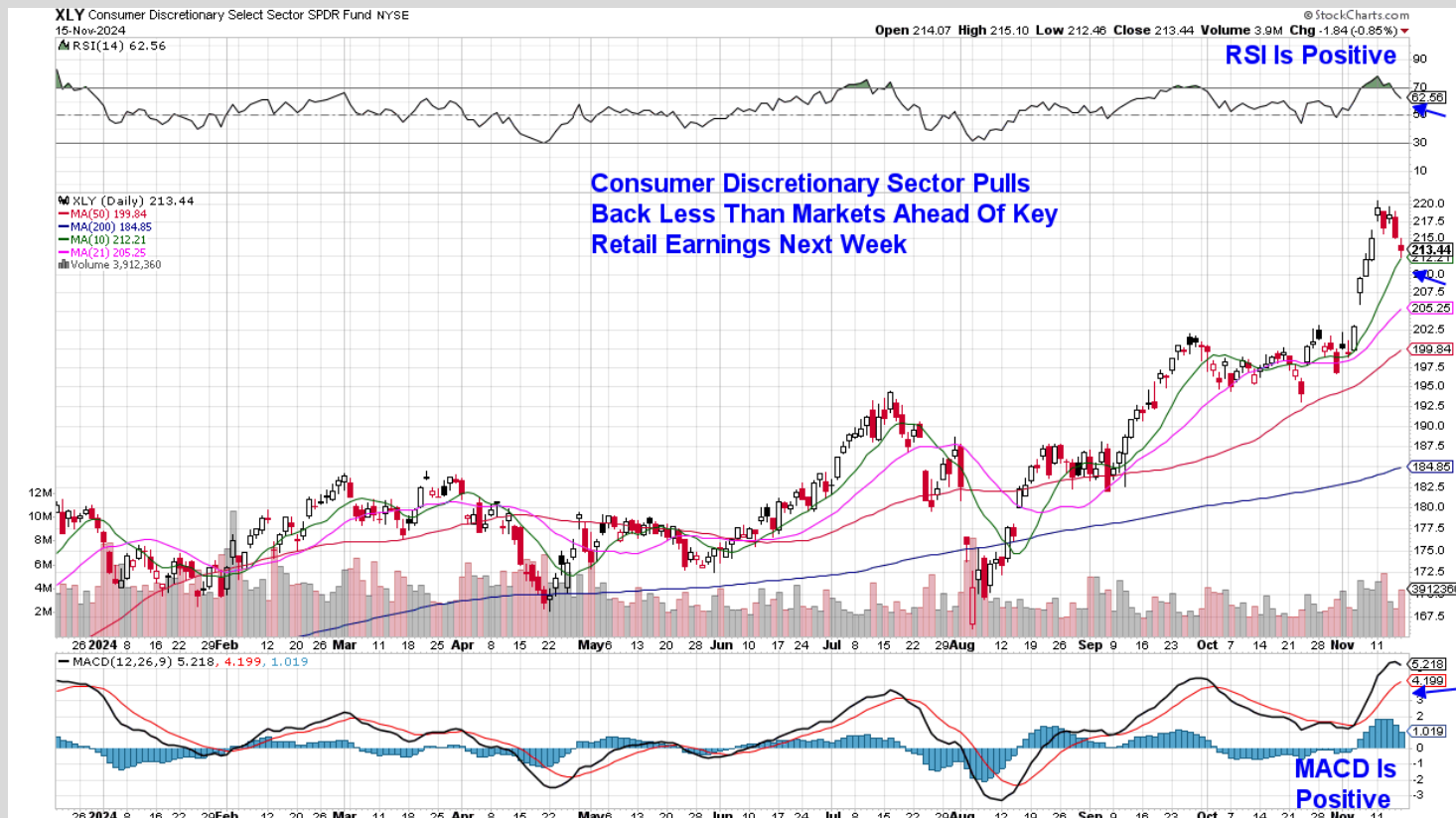
An uptick in interest rates also moved the markets, as inflation fears crept in due to possible Trump policies. Fed Chair Powell's statement that "the economy isn't signaling a need for immediate rate reductions", also hurt as it lowered the market's expectation for a December rate cut much lower. In turn, Small Caps, Homebuilders, Gold, and Biotechs fell sharply. These areas fare better in a declining interest rate environment.

Last week's pullback following the post-election rally took place as growing uncertainty over the Fed's rate cut path outweighed excitement over Trump's potential impact.

This cautiousness may linger over the near-term, as investors digest possible policy shifts in a rising interest rate environment. Longer term, however, a strong economic backdrop, coupled with a pro-growth administration, will provide the tailwinds needed to propel this market higher.

Next week, earnings reports from several Large corporations will take center stage, with Nvidia's results being the most impactful.

Daily Chart of the Consumer Discretionary Sector (XLY)



Consumer Discretionary Sector Has Pockets Of Strength

The Consumer Discretionary sector fared better than the markets after pulling back 1.1% to its 10-day moving average in a move that pushed the RSI out of an overbought position.

Select Retailers that came in with earnings ahead of estimates rallied, while heavyweight name Walmart (**WMT**) fell 0.5% ahead of the release of their earnings on Tuesday before the markets open.

Target (**TGT**), TJ Maxx (**TJX**), and Ross Stores (**ROST**) are other well-known retailers that are due to report earnings next week. Their results are expected to impact other retail names as well.

Amazon (**AMZN**) pulled back 2.7% after a Friday pullback that took place when many other Growth stocks suffered in the face of potentially higher interest rates.

AMZN had hit a new high in price on Wednesday, following their announcement of a retail platform that is similar to the popular discounter Temu. The stock is in a buy zone after closing the week above its 10-day moving average.

Shake Shack (**SHAK**) pulled back sharply from a recent high in price and has found support at its 21-day moving average. The decline may have been profit-taking following the stock's outsized advance after recent earnings.

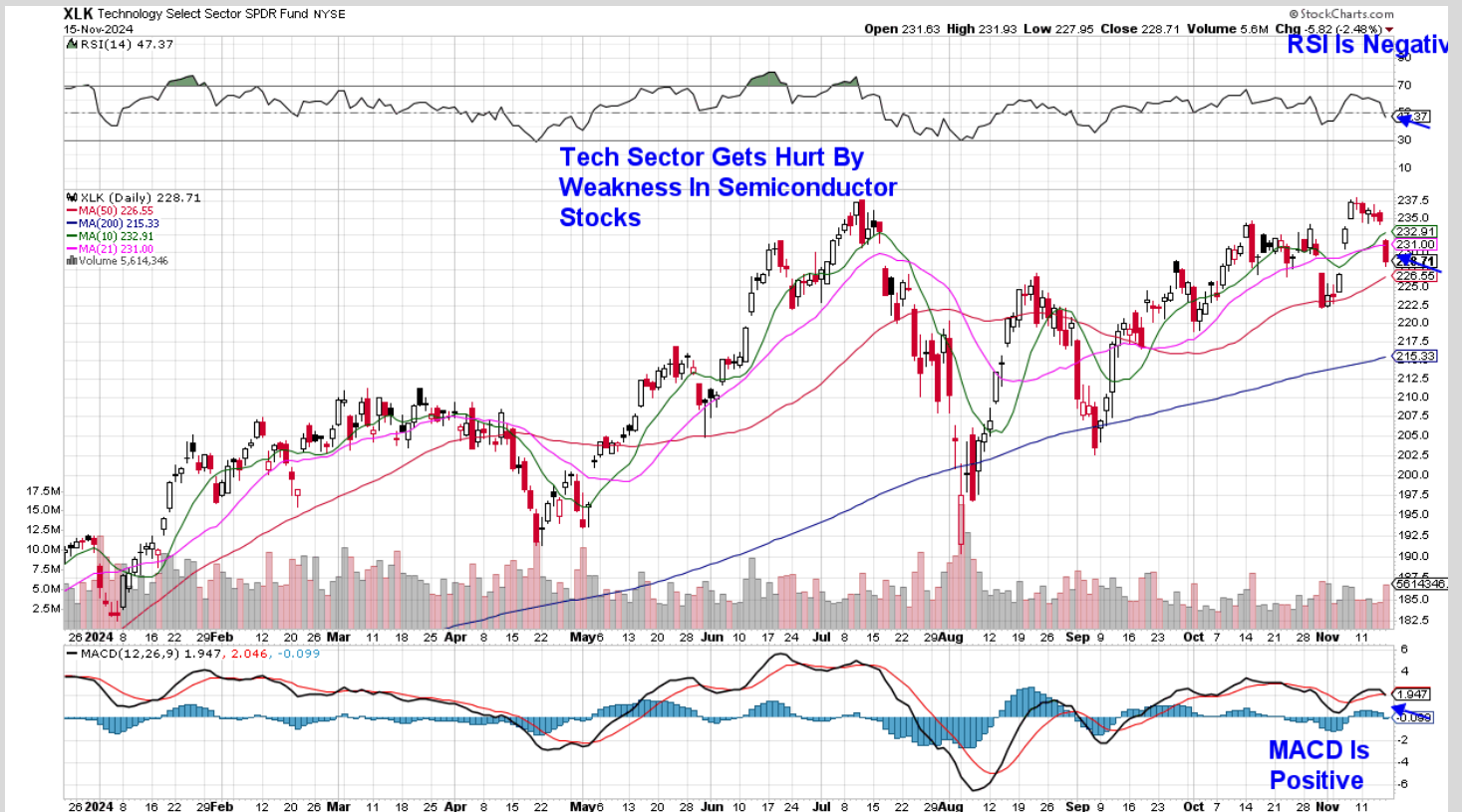
We would be a buyer of **SHAK** on a close above its 10-day moving average in the \$128 range.

Home Construction stocks (XHB) pulled back amid a rise in interest rates, with the group failing to close back above its 50-day moving average.

Toll Brothers (**TOL**) fell in line with the group however, it remains above its 50-day moving average with a positive RSI and MACD. **TOL** can be held.



Daily Chart of the Technology Sector (XLK)



Technology Sector Among Worse Performing

The Tech sector was hurt by a Friday pullback which was led by a decline in Semiconductor stocks which continued to sell off on the heels of a weak earnings outlook from select companies.

After last week's rout in Semiconductor stocks, 75% of the companies in this Industry Group are below their key 50-day moving average.

Of concern is that Semiconductor chips are used in every industry, and a weak growth outlook among chip companies could be a warning sign for the growth prospects of the economy.

On a monthly chart, the MACD is poised for a negative crossover (using SOXX) which is not a common occurrence and normally leads to a longer-term downtrend.

We are removing Broadcom (**AVGO**) from our Suggested Holdings List after last week's sharp underperformance. The stock is below its 50-day moving average with a now negative RSI and MACD.

Taiwan Semiconductor (**TSM**) is very close to a similarly negative outlook as the stock is very close to closing below its 50-day moving average with a negative RSI and the MACD close to negative territory. For now, **TSM** can be held.

Nvidia (**NVDA**) is among the few Large Cap Semis that are above its 50 and 21-day moving averages with a positive RSI and MACD. The company is due to report their earnings on Wednesday after the market's close.

Several top Wall Street analysts have raised their price targets for **NVDA** ahead of the earnings call, citing strong demand for Nvidia's H100 and H200 chips.

Software stocks generally outperformed with a flat finish for the week. (using ETF IGV)

Among names on our List, Palantir (**PLTR**) was a top performer after an 11% rally on Friday following news that the company will be moving to the Nasdaq Composite Index.

PLTR is now in an overbought position with its RSI at 83 on its daily chart and at 85 on its weekly chart. This set the stock up for a period of consolidation with a pullback to its 5-day moving average in the \$61 range being a possible buy point.

Fortinet (**FTNT**) was a top performer with an early week advance that put the stock into an overbought condition with the RSI above 80 on the daily chart.

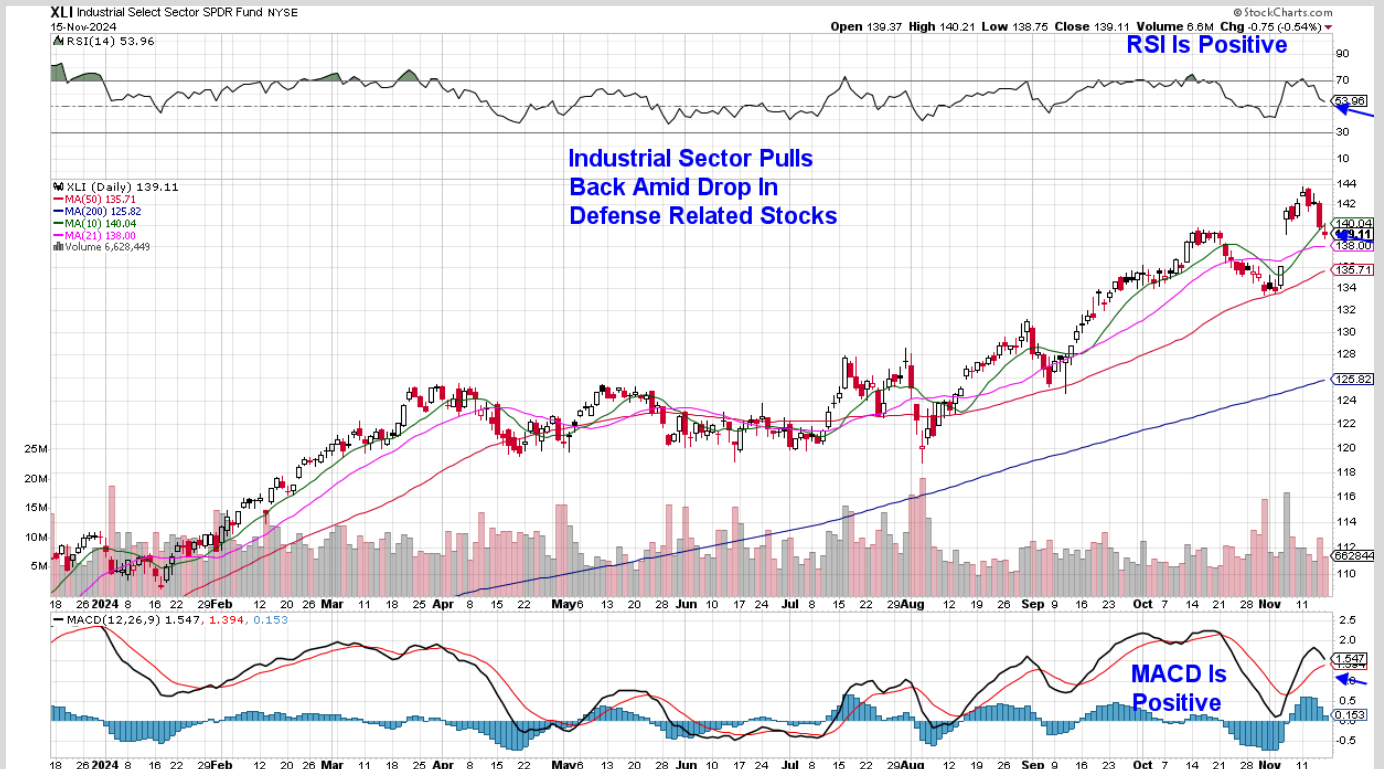
As cited in our Midweek Report, we were on the lookout for a pull back which took place, however, the stock may consolidate further given its post-earnings gains. We are using the February into March period as precedent.

Fair Isaac (**FICO**) also pulled back from an overbought position which sets the stock up for a typical period of consolidation before another leg up. Both **FTNT** and **FICO** can be held.

Q2 Holdings (**QTWO**) was another high-flying Software stock that fared well after earnings and pulled back after its RSI position approached 90 which is very overbought. The stock found support at its 10-day moving average which puts it into a buy zone.



Daily Chart of the Industrial Sector (XLI)



Industrial Sector Performs In Line With The Market

The Industrial sector pulled back 2.1%, led lower by a decline in Aerospace and Defense stocks due to uncertainty surrounding Trump's plans for military spending. The appointment of Elon Musk to co-lead the Department of Government Efficiency also pushed these stocks lower.

Among Aerospace and Defense stocks on our List, GE Aerospace (**GE**) pulled back the most with a 3.8% decline that puts the RSI into negative territory where it joins the MACD which is also negative. **GE's** close below its 50-day moving average has us removing the stock from our Suggested Holdings List.

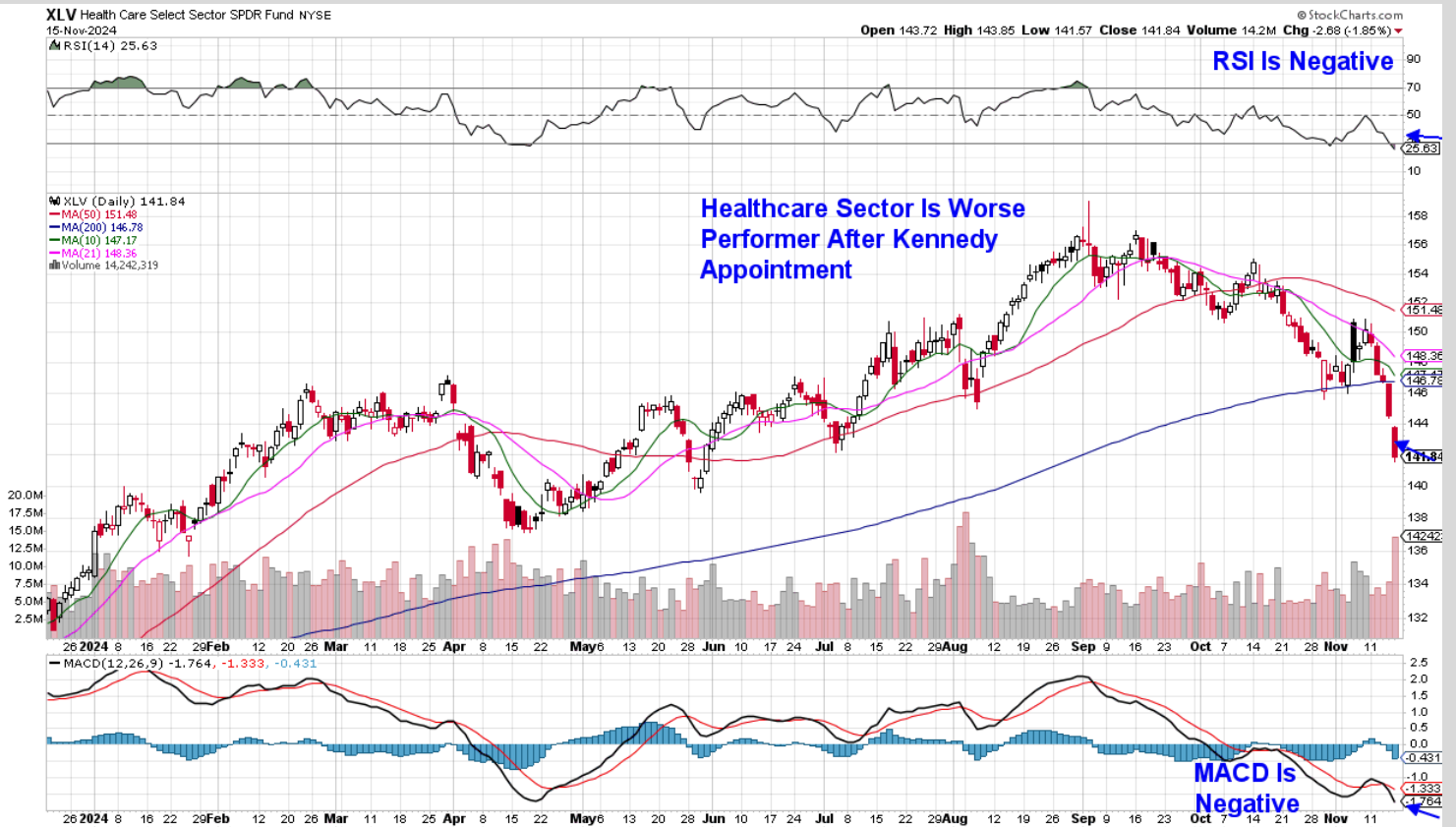
Heavy Construction stocks EMCOR (**EME**) and Granite Construction (**GVA**) both pulled back to their

10-day moving averages which puts these stocks into a buy zone.

Overall, companies in the infrastructure-building group are expected to benefit from a less restrictive administration.

FTAI Aviation (**FTAI**) posted a 1% gain for the week, with a pullback to its 10-day moving average that puts the stock into a buy zone. Analysts have raised their outlook for the company following FAA approval of an aircraft engine part that is expected to improve revenues considerably.

Daily Chart of the Health Care Sector (XLV)



Healthcare Sector Is Worst Performer Amid Health Agency Appointment

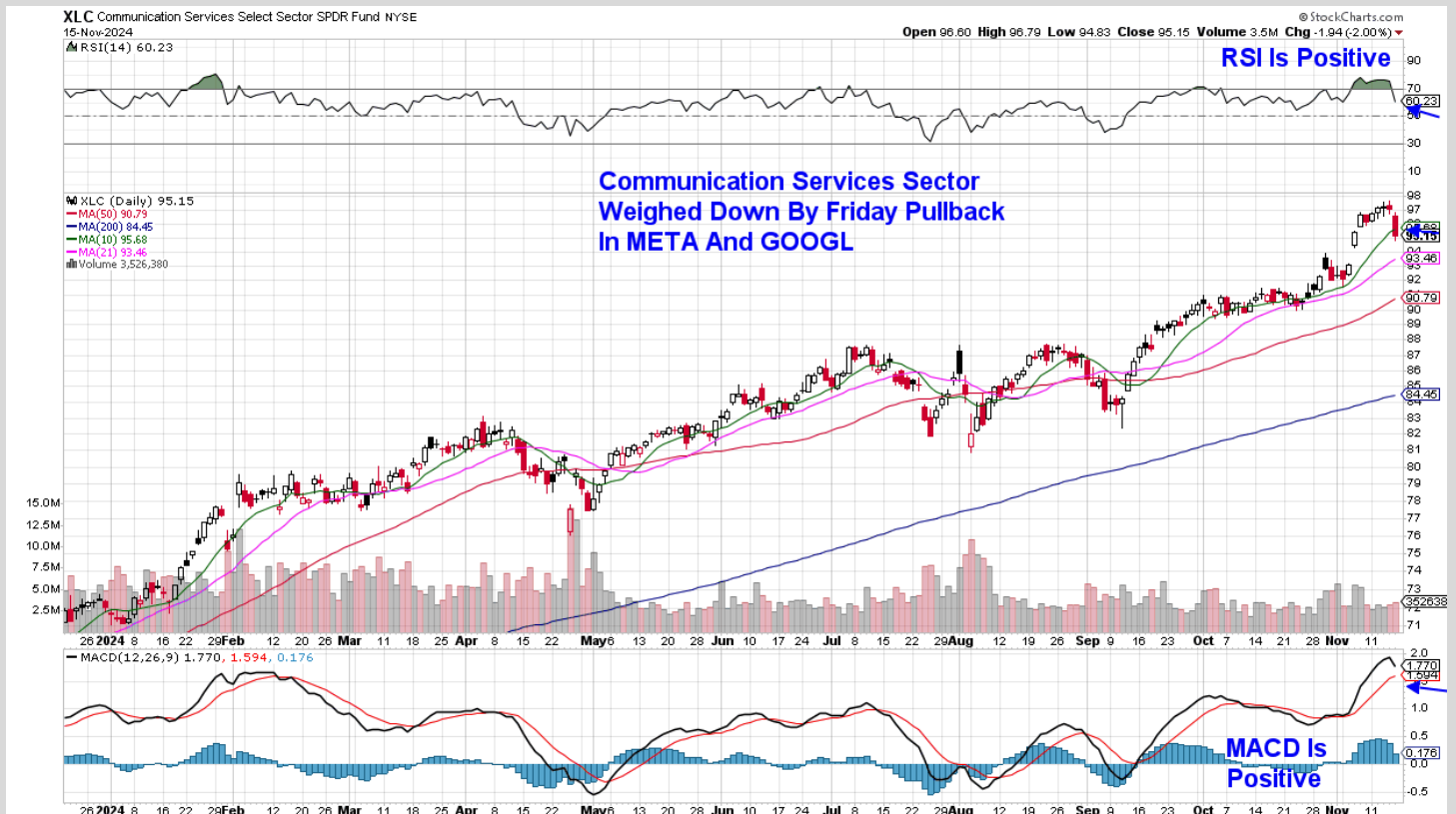
Major U.S. drug makers fell on Friday after Trump picked anti-vaccine activist Robert Kennedy Jr to head the Department of Health and Human Services, which is the top U.S. health agency.

Biotech stocks were also negatively impacted with the group down 10.4%. (using IBB) An uptick in interest rates also hurt Biotechs.

Medical Products stocks outperformed with a 1% loss for the week. Boston Scientific (**BSX**) and Intuitive Surgical (**ISRG**) both remain in uptrends, as they are above their 10-day moving averages with a positive RSI and MACD.

While this puts both stocks in a buy zone, weakness in the Healthcare sector has us flagging these stocks as a hold.

Daily Chart of the Communication Services Sector (XLC)



Communication Services Sector Remains Strong Despite Pullback

Internet-related stocks pulled back sharply on Friday, after high-growth stocks were hit due to a rise in interest rates.

Meta Platforms (**META**) was the hardest hit M7 stock with a 6% loss for the week that has this stock closing below its 50-day moving average with a negative RSI. The heavy volume selling has us removing the stock from our Suggested Holdings List.

Longer-term investors can stay with **META** as the weekly chart remains constructive.

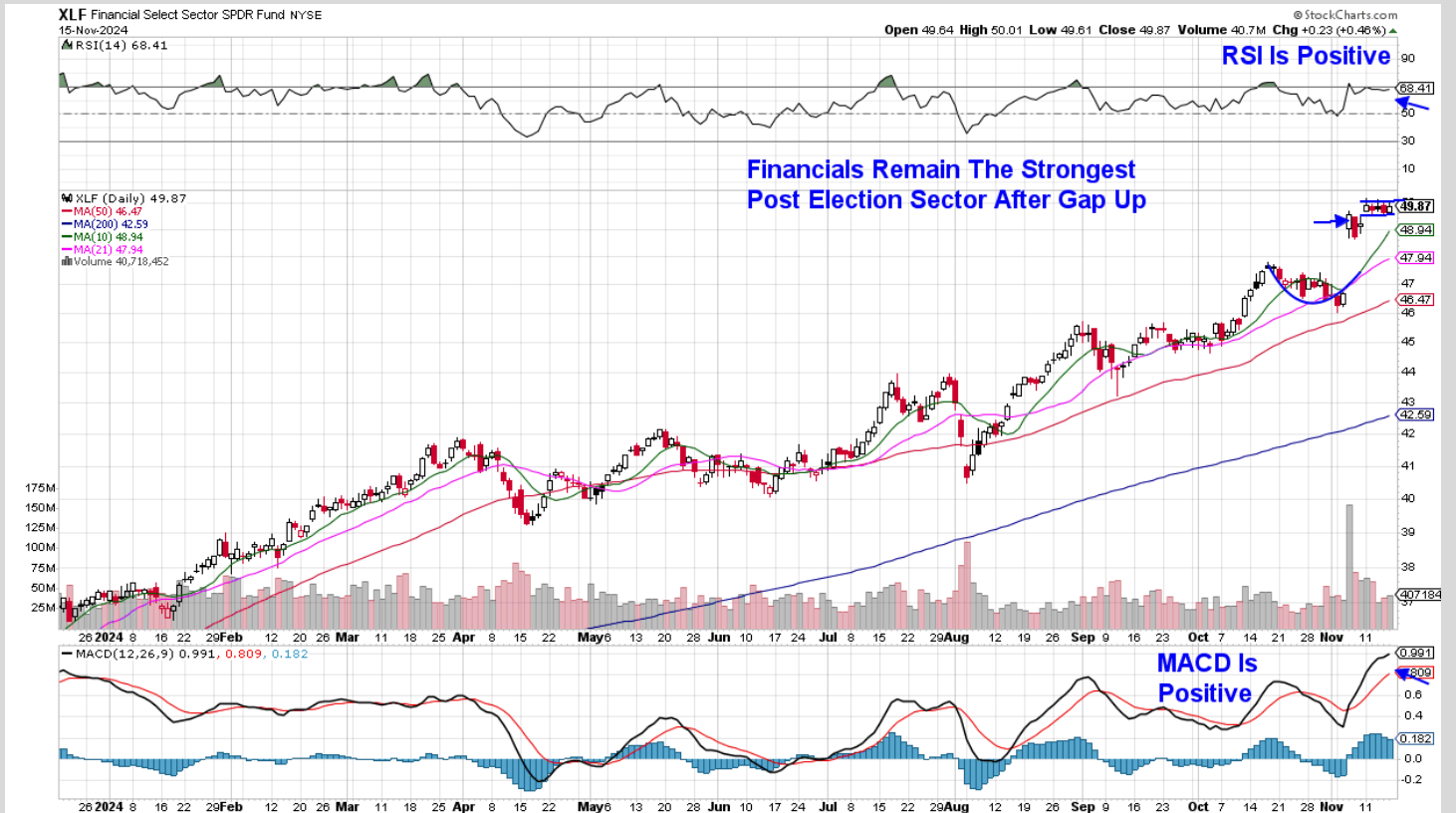
Alphabet (**GOOGL**) also pulled back with a 3.3% decline that has this stock finding support at its

upward-trending 21-day moving average. A close above its 10-day moving average in the \$176 range would put **GOOGL** into a buy zone.

Netflix (**NFLX**) closed the week in a confirmed uptrend as it finds support above its upward-trending 5-day moving average. The stock rallied on news that the company has reached 70 million monthly users of their streaming ad tier. As you may recall, this tier charges less monthly however, they post advertisements which generate revenues.

While **NFLX** is in a buy zone, the RSI is in an overbought condition on both the daily and weekly charts. We are on the lookout for a period of consolidation before another leg up.

Daily Chart of the Financial Sector (XLF)



Financial Sector Remains Strong

The election of President Trump has bullishly impacted Financial stocks the most. This is for several reasons as it is expected he may roll back banking regulations. In addition, Bank mergers and acquisitions will likely get approved faster.

Lastly, more deal-making and IPO activity is expected to improve investment banking revenues.

This week, we are adding Bank of America (**BAC**) to our Suggested Holdings List as well as consumer financing firm Affirm Holdings (**AFRM**).

BAC is expected to benefit from Trump's lighter

approach to bank regulations on capital requirements and other measures, which would ease the risk to fee revenue streams such as late fees.

Affirm is one of the biggest providers of buy now, pay later installment payment services. Next quarter, the company expects revenues that are above estimates. The company's partnership with Apple Pay is expected to boost revenues into next year.

AFRM is a bit more volatile due to its smaller market cap however, the stock is in a buy zone after Friday's pullback to its 10-day simple moving average.

Summary

At this time, we are entering a seasonally strong time of year for the markets. This is especially true in election years. However, over the near term we may experience choppiness due to election related uncertainty and higher interest rates.

Longer term, the fundamentals of the economy as well as recent corporate earnings reports, is expected to support a higher stock market. A pro-growth policy backdrop will also buoy stocks.

One cloud over the markets has been Semiconductors which have plunged further into a downtrend. As cited earlier, reduced chip demand can signal economic contraction and we will of course monitor this possibility.

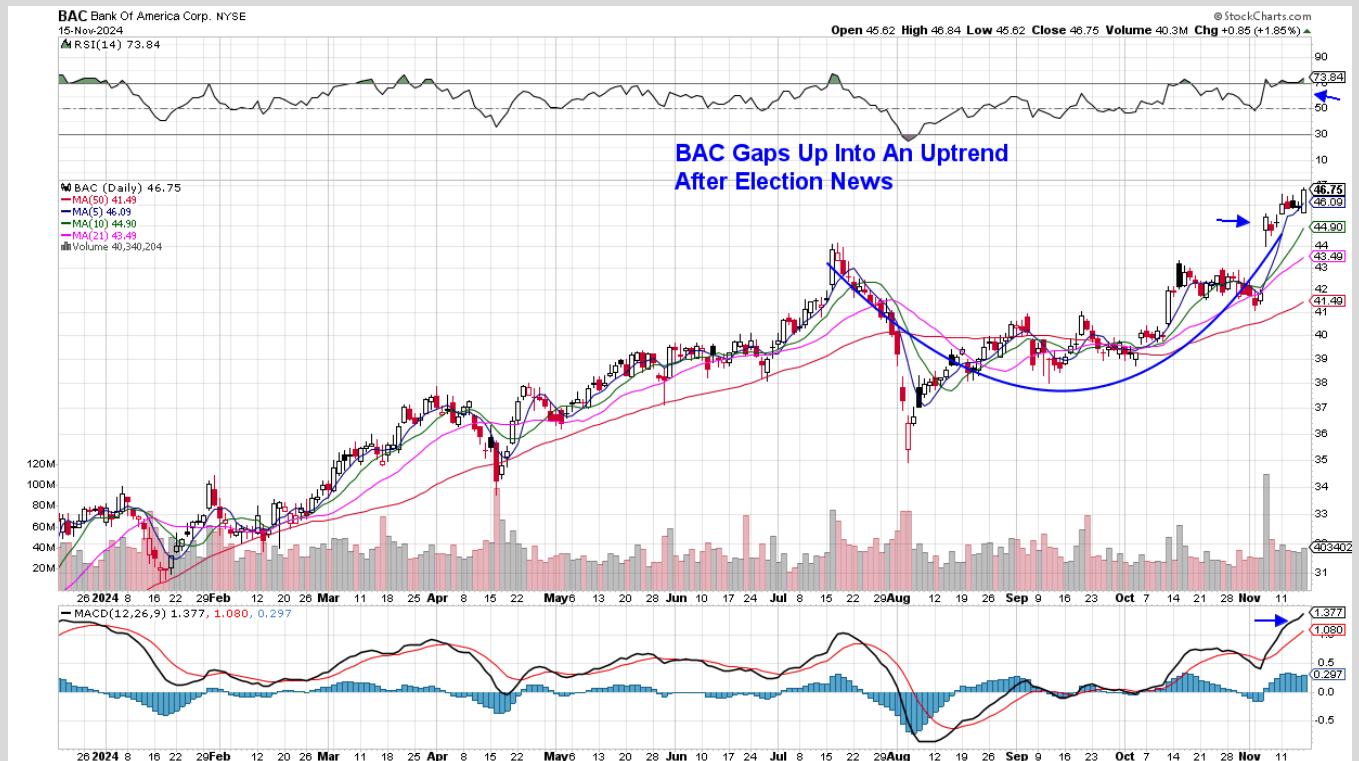
Next week, Nvidia (**NVDA**) and Walmart (**WMT**) from our List will be reporting earnings. Both stocks are bellwether names for their industries and their results are expected to impact the markets.

New Idea Charts:

Daily Chart of Affirm Holdings Inc. (AFRM)



Daily Chart of Bank Of America Corp. (BAC)



The
MEMEdge
WEEKLY REPORT

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					
AMZN	Amazon	\$191.60	9/22/2024	4.0%	
SHAK	Shake Shack	\$110.02	10/6/2024	11.5%	
TOL	Toll Brothers	\$139.50	7/27/2024	14.0%	
WMT	Walmart	\$72.90	8/15/2024	14.0%	

FINANCIAL					
AFRM	Affirm Holdings	\$56.10	11/17/2024		
BAC	Bank of America	\$46.80	11/17/2024		

INDUSTRIAL					
EME	Emecor Group	\$420.00	9/22/2024	15.5%	
FTAI	FTAI Aviation	\$58.00	3/17/2024	124.5%	
GE	General Electric	\$184.80	11/10/2024	-4.0%	
GVA	Granite Construction	\$76.37	9/15/2024	23.5%	

HEALTHCARE					
BSX	Boston Scientific	\$81.80	9/2/2024	7.0%	
ISRG	Intuitive Surgical	\$598.80	10/20/2024	26.5%	

TECHNOLOGY					
ANET	Arista Networks	\$384.50	9/22/2024	-2.0%	
AVGO	Broadcom	\$175.50	9/25/2024	-3.5%	
FICO	Fair Isaac	\$2,024.90	10/9/2024	16.0%	
FTNT	Fortinet	\$82.80	10/13/2024	12.0%	
NVDA	Nvidia	\$123.50	9/25/2024	15.0%	
PLTR	Palantir	\$32.10	8/18/2024	83.0%	
Q TWO	Q2 Holdings	\$79.00	9/22/2024	19.5%	
TSM	Taiwan Semiconductor	\$181.90	9/25/2024	4.5%	

COMMUNICATION SERVICES					
GOOGL	Alphabet	\$171.30	11/3/2024	1.5%	
NFLX	Netflix	\$701.40	9/2/2024	15.5%	
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

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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