



# THE MEM EDGE

November 24, 2024 | Weekly Report

- New Home Construction Falls Amid High Interest Rates While Homebuilders Confidence Rises

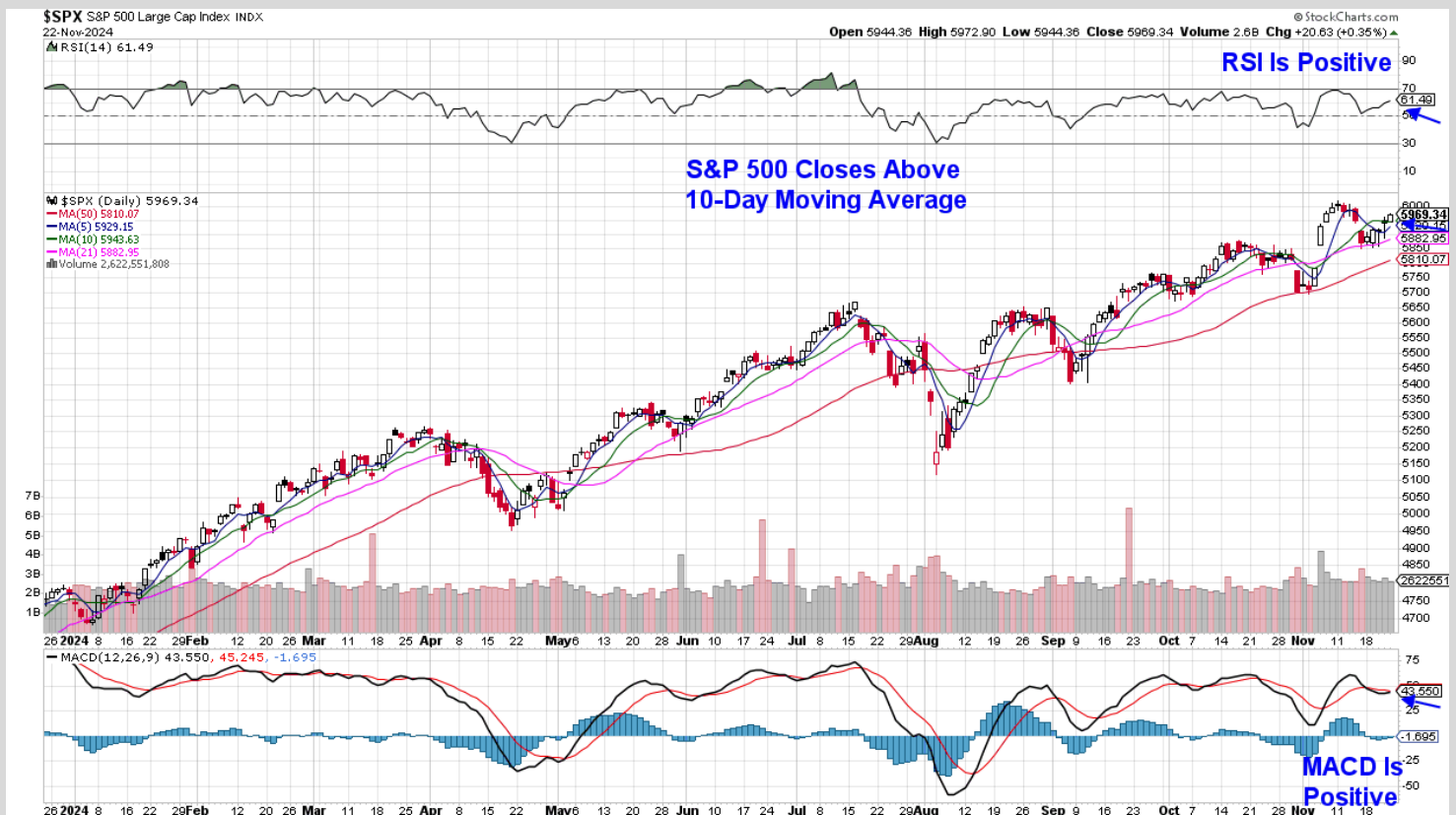
- Weekly Jobless Claims Drop To 7-Month Low
- Consumer Sentiment Is Flat For November

## Next Week

- FOMC Meeting Notes Tuesday Afternoon
- Durable Goods Orders And First Estimate For Q3 GDP On Wednesday

- Core PCE Data On Wednesday As Well
- Markets Closed On Thursday For Thanksgiving And Will Close At 1:00 pm ET On Friday

### Daily Chart of S&P 500



The S&P 500 gained 1.7% in a move that puts this Index back above its 10-day moving average. With the RSI and MACD in positive territory, the uptrend remains in place.

The Nasdaq also posted a 1.7% gain, which keeps the RSI and MACD in positive territory with this Index closing just below its 10-day moving average, but remaining in an uptrend.

As the week progressed, Interest in most M7 stocks declined, with investors putting money to work elsewhere. In fact, the Equal Weighted S&P 500 closed at a new high led by gains in Energy, REITs, Utilities, and Materials.

The shift to Energy and REITs took place due to Inflation fears and a rising dollar caused by Trump's potential policies. Hence, the "Trump trade" is still in play. Software stocks, which will benefit from reduced corporate taxes due to increased corporate spending, is another area faring well.

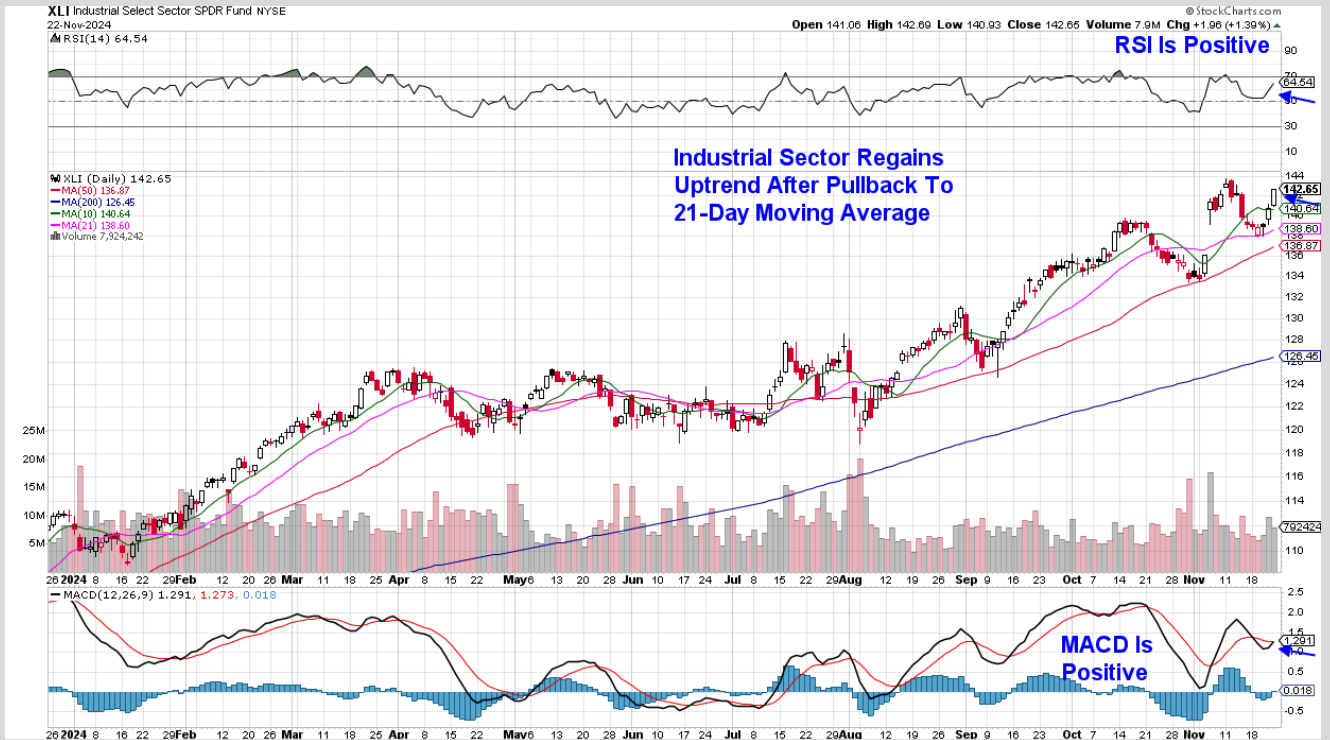
Utilities were the top performing, led by Natural Gas companies that are benefitting from the AI boom which has generated a huge need for data center power.

Last week, AI's most known company - NVIDIA - reported earnings that were mixed, with strong results but a weaker outlook. The strong results boosted the case for real growth among AI-related stocks however, the weak results left investors less interested in **NVDA**.

Overall, the markets remain in a confirmed uptrend with earnings reports continuing to be the primary driver of stocks that are moving the most. Trump's potential policies are also a key driver with price action in the dollar and inflation fears driving select areas higher.



## Daily Chart of the Industrial Sector (XLI)



### Industrial Sector Gets Late Week Boost

The Industrial Sector closed the week back above its 10-day moving average, as strong earnings reports from Infrastructure and Heavy Construction companies boosted stocks in these areas.

Among Industrials on our List, FTAI Aviation (**FTAI**) was a top performer with a 9.6% gain for the week. The company is continuing to gain following news of FAA approval for a major aircraft part. The stock remains in a confirmed uptrend above its upward-trending 5-day moving average and is in a buy zone.

Granite Construction (**GVA**) gained 4% and the infrastructure construction company remains in a confirmed uptrend after reporting strong quarterly results 3 weeks ago. The stock is finding support above its 5-day moving average and is in a buy zone.

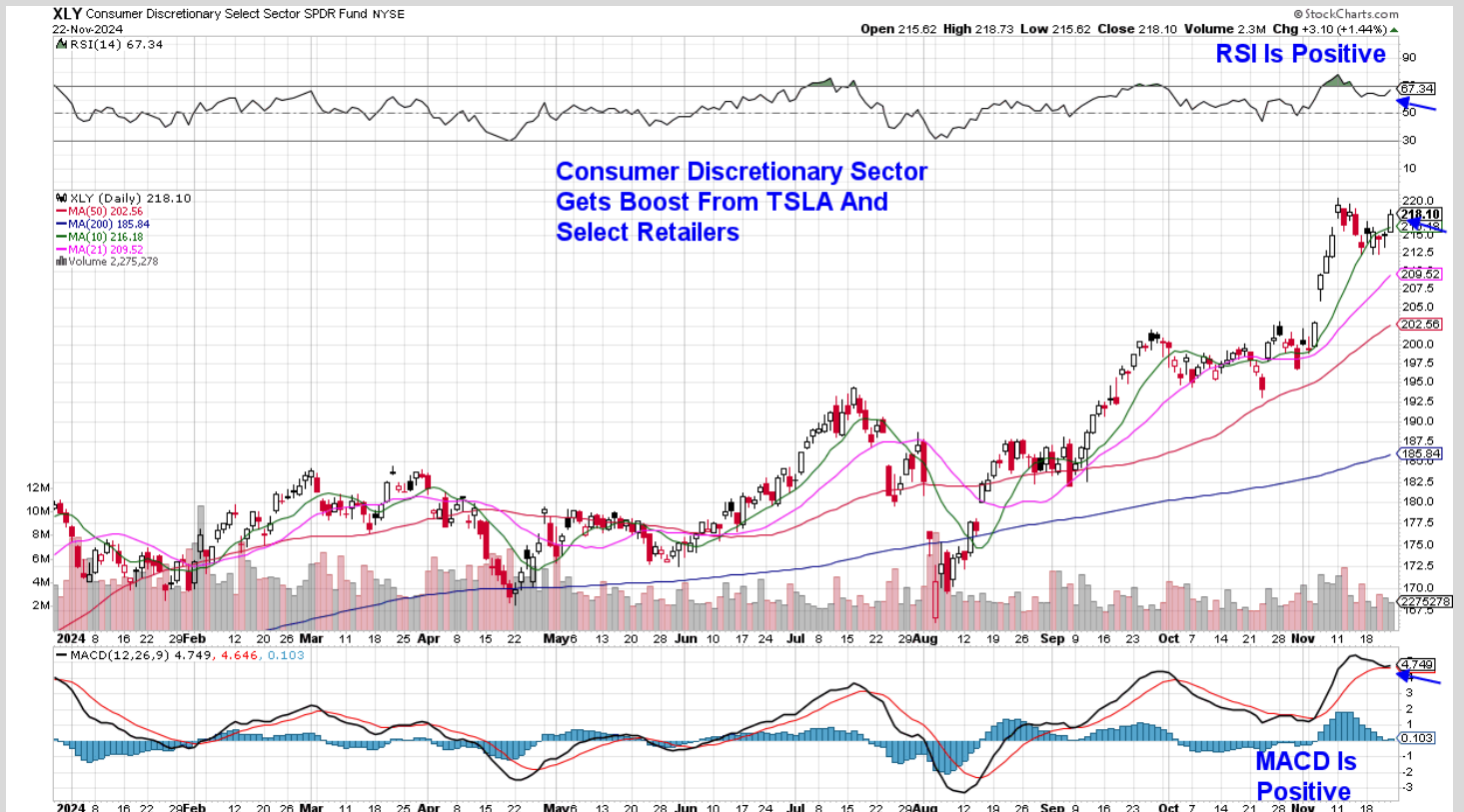
EMCOR (**EME**) ended the week up 1.2% after a Friday price target downgrade from Goldman Sachs pushed the stock lower. The pullback puts the stock just below its 10-day moving average and can be bought on a close back above this mav in the \$509 range.

This week, we are adding Vertiv Holdings (**VRT**) to our Suggested Holdings List.

The manufacturer of digital infrastructure technology for data centers, experienced a sharp gain last Tuesday after exhibiting their latest technology and providing a sales outlook for 2025 that was above estimates.

**VRT** has since been trending higher while consolidating and is poised to form a high-tight flag formation which is bullish. We are on the lookout for a continuation rally and the stock is in a buy zone.

## Daily Chart of the Consumer Discretionary Sector (XLY)



### Consumer Discretionary Sector Approaches A New High

The Consumer Discretionary sector was given a boost by heavyweight name Tesla (**TSLA**) which gained again due to news that Trump is planning to make self-driving vehicles a top priority for the U.S. Transport Department.

Retail giant Walmart (**WMT**) also posted outsized gains following an earnings and sales report that was above estimates. The company also guided growth estimates higher going forward.

**WMT** is extended after last week's gains as the RSI is overbought on both the daily and weekly charts. A

pullback toward the \$87 level would put the stock into a buy zone.

Homebuilder confidence for November hit a 7-month high which gave these stocks a boost. Toll Brothers (**TOL**) gained 3.2% for the week in a move that puts the stock closer to a possible \$160 base breakout level. The stock is in a buy zone.

Of note however, is that meeting notes from the FOMC's latest meeting will be released on Tuesday and PCE data - key inflation numbers for the Fed - will be released on Wednesday. Both reports may impact interest rates which have historically had an impact on homebuilding stocks.

Shake Shake (**SHAK**) recovered from a pullback toward its 50-day moving average to end the week higher by 1.2%. The gain puts the RSI back into positive territory on its daily chart. A close above its 10-day moving average in the \$123.5 range would put the stock into a buy zone.

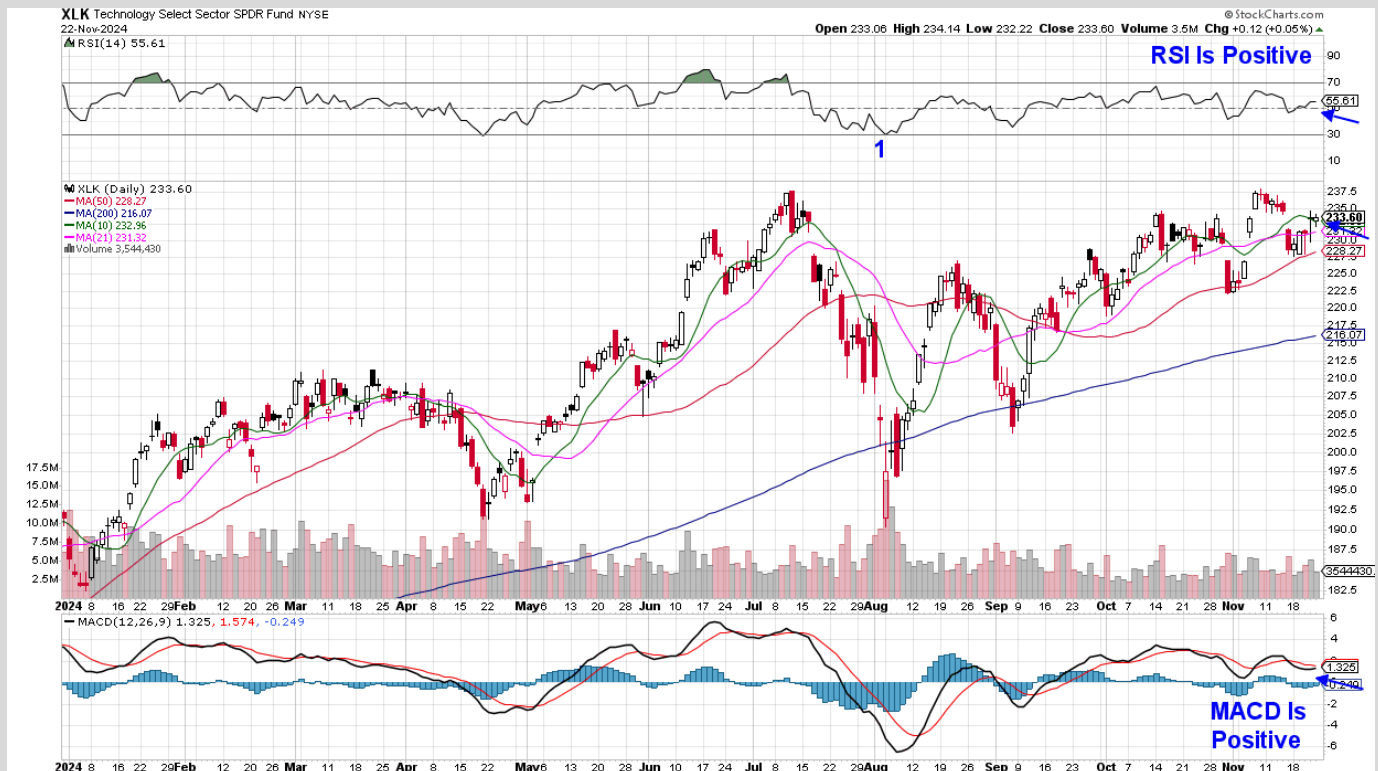
However, we would initiate any new positions lightly, and await a MACD crossover on the daily chart of **SHAK** to add more as this would confirm a new uptrend.

Heavyweight name Amazon (**AMZN**) pulled back 2.7% after a report stated it will likely face an EU investigation next year on whether it favors its own brands. The decline has pushed the RSI into negative territory with the stock now below its 21-day moving average.

**AMZN** can be held and a close back above its 10-day moving average in the \$205 range would put the stock into a buy zone.



## Daily Chart of the Technology Sector (XLK)



### Technology Sector Gets Boost From Apple And Software Stocks

The Tech sector regained its positive RSI led by a slight outperformance in Semiconductor stocks as well as a rally in Software stocks and heavyweight name Apple (**AAPL**).

Among Software stocks on our List, Q2 Holdings (**QTWO**) broke out of a 2-week base on heavy volume following news that a major bank had selected their digital banking platform.

**QTWO** provides virtual banking software to financial institutions, and Trump's election has boosted the outlook for this group due to a higher growth outlook amid less regulation. The stock can be bought on a pullback to its 5-day moving average in the \$102 range.

Fair Isaac (**FICO**) also provides software for financial firms with a lending score that allows lenders to determine the financial health of potential borrowers. The stock is emerging from a consolidation period after its sharp uptick on strong earnings.

**FICO** is in a buy zone.

Software security developer Fortinet (**FTNT**) is continuing to consolidate following its sharp post-earnings rally. A close above the 10-day moving average in the \$94.5 range would put the stock into a buy zone.

Palantir (**PLTR**) pulled back 2% following its 50%+ post-earnings gain over the prior 2 weeks. The stock closed the week above its 5-day moving average and is in a buy zone.

Semiconductor stocks gained 2.2% for the week however, the group remains in a downtrend as it is below its 50-day moving average with a negative RSI and MACD. (using ETF SOXX)

Last week, **NVDA**'s earnings report was a big focus. The company's results were generally good, but its future outlook was a bit weaker than some analysts predicted. In turn, **NVDA** was flat for the week as it continues to trade in a 3-week trading range.

The momentum for **NVDA** is generally negative at this time, with the RSI moving closer to a move into negative territory with the MACD trending lower on the daily chart. The stock can be held for now.

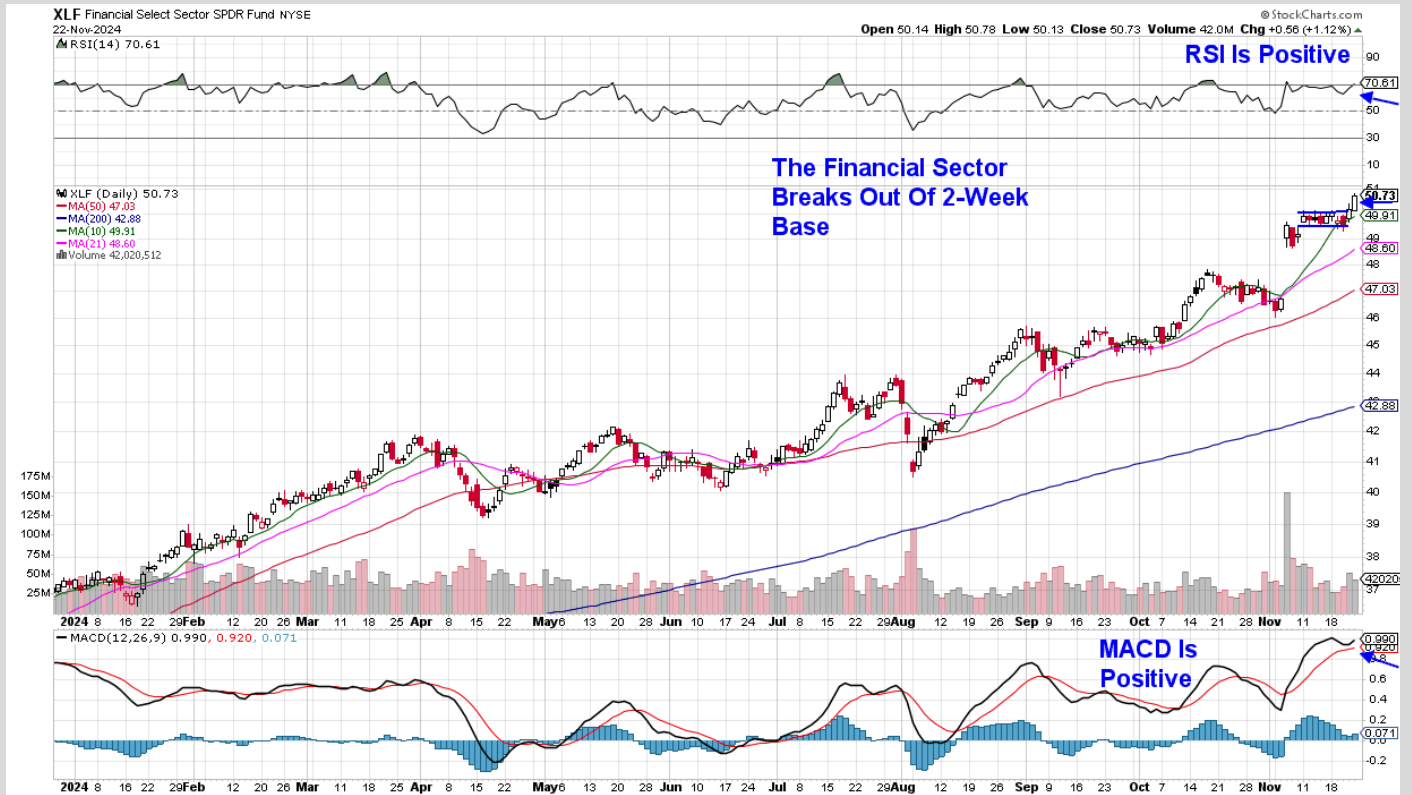
Taiwan Semi (**TSM**) has been trending sideways following news that their \$6.6B in Chip Act funds had been finalized. The stock is setting up for a new uptrend and in order to do so, the price must close above the \$193 level coupled with a bullish RSI and a positive MACD crossover.

This price action - which is highlighted in the chart below - would put **TSM** into a strong buy zone.





## Daily Chart of the Financial Sector (XLF)



### Financial Sector Breaks Out Of Flat Base On Volume

The Financial sector broke out of a 2-week base on volume Friday led by beaten-down Mortgage Finance companies as well as Banks which both outperformed the markets.

Larger Money Center banks such as Bank of America (**BAC**) underperformed however, the stock remains in an uptrend while finding support above its 5-day moving average. While **BAC** is in a position to trade higher, we would not overweight the stock at this time.

Affirm (**AFRM**) gained 12.5% last week on the heels of a Wall Street upgrade. The company is the largest “buy now, pay later” (**BNPL**) lender by a wide margin and the company successfully uses machine learning in its loan decision-making.

The stock has a bit more upside over the near term however, it has a history of ramping up and pulling back sharply.

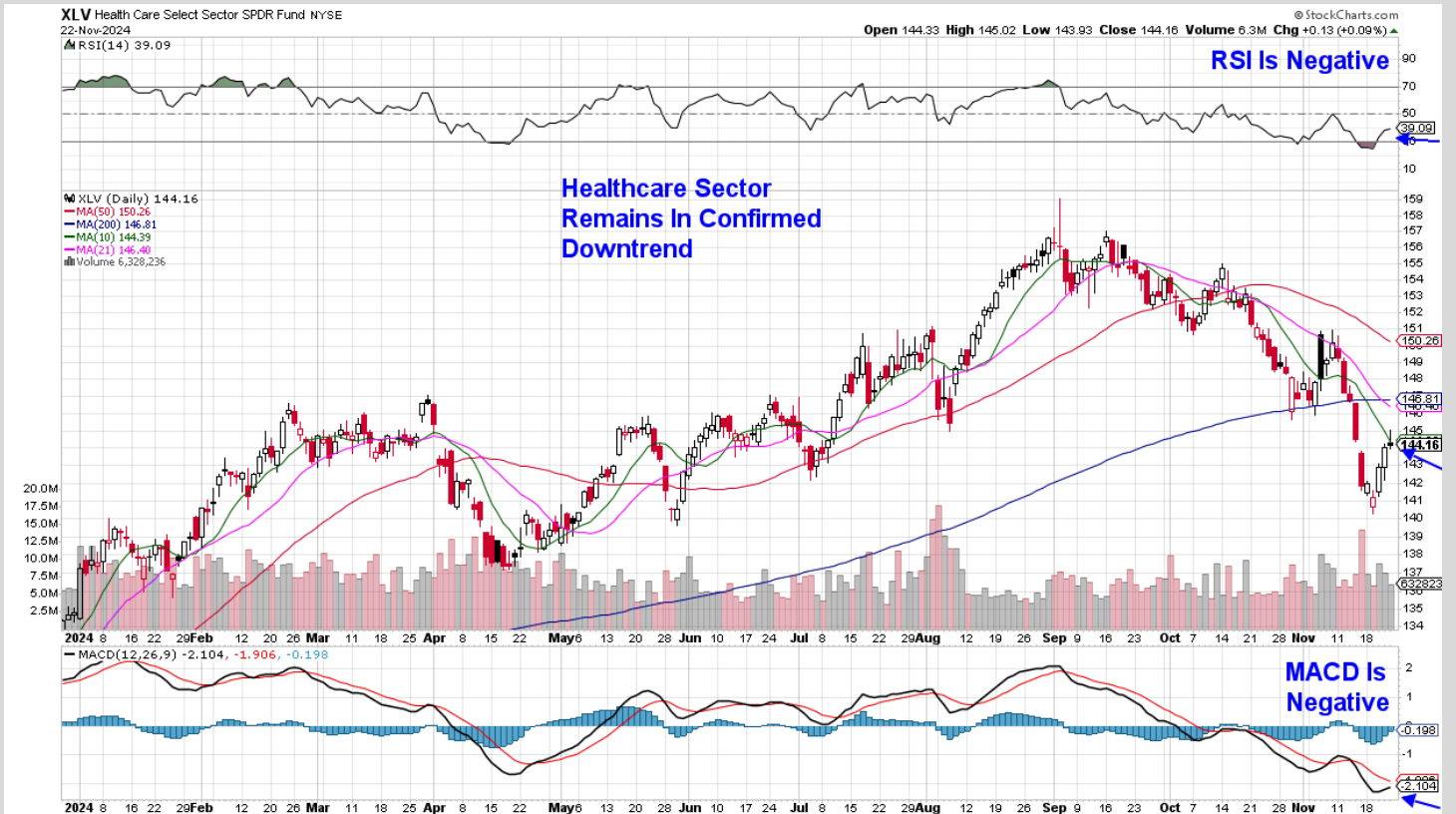
A close below its 5-day moving average with an RSI and MACD heading lower are the initial pullback signals. Longer term investors can focus on the weekly chart which signals further upside over the long term.

This week, we are adding Blue Owl Capital (**OWL**) to our Suggested Holdings List after Thursday's 1-month base breakout on above average volume pushed the MACD into a bullish crossover.

The specialty finance company provides products that allow clients to invest in alternatives and private markets which were at one time only available to institutional investors. **OWL** is in a buy zone.



## Daily Chart of the Health Care Sector (XLV)



### Healthcare Sector Continues To Struggle

The Healthcare sector remains in a downtrend with a negative RSI and MACD coupled with a close below each of its moving averages.

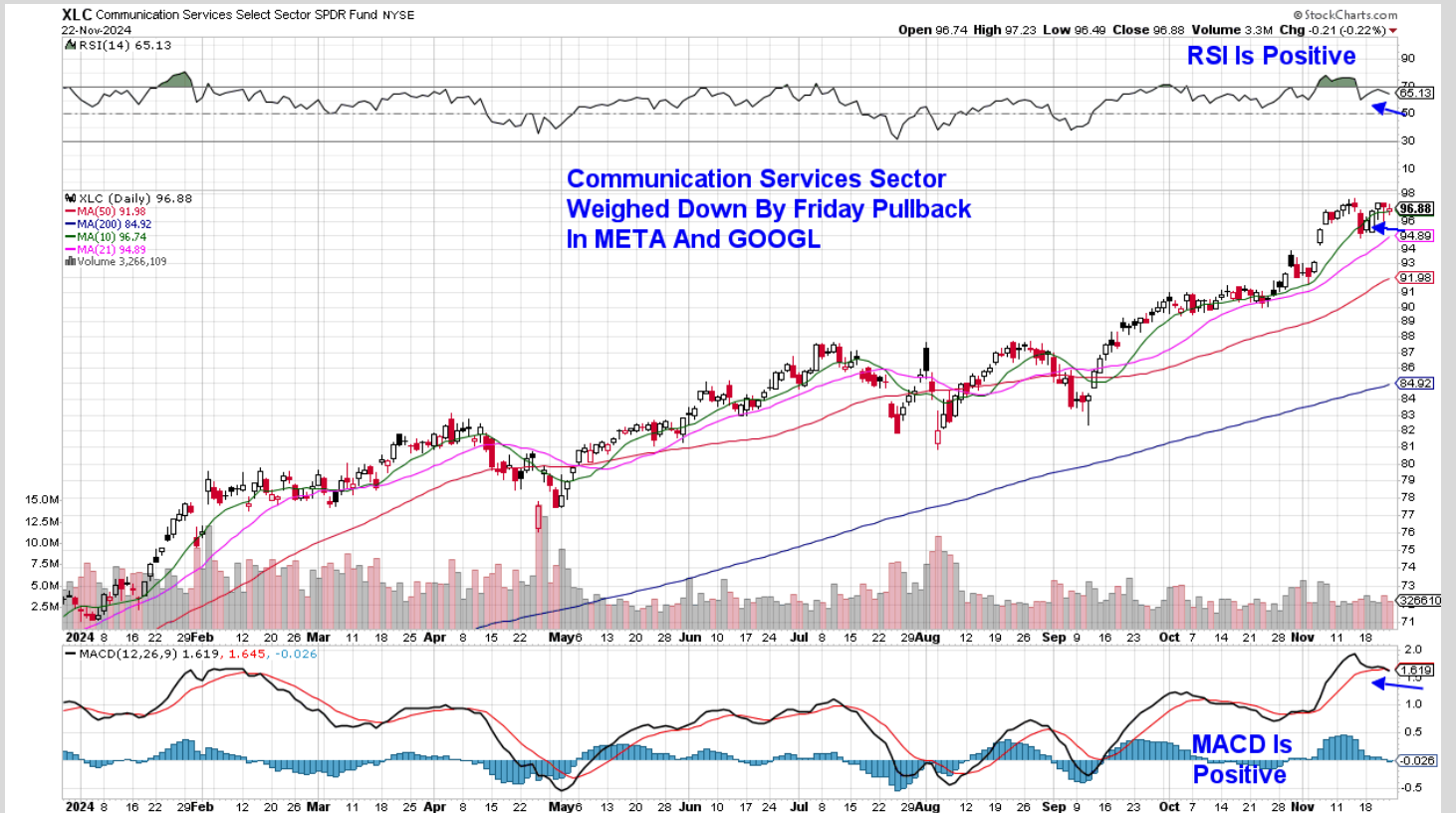
The sector has been hit by selling in Biotech and Pharmaceuticals which picked up momentum following the appointment of RFK Jr as the Secretary Of Health. This is primarily because of investor uncertainty due to his controversial views on established public health practices.

Medical Products stocks have held up a bit better with the group up 1.3% last week. (using ETF IHI) More seasonal stocks such as those on our List posted much higher gains.

Intuitive Surgical (**ISRG**) gained almost 4% amid analyst upgrades due to the launch of their newest system, the da Vinci 5. The stock remains in a confirmed uptrend and is in a buy zone.

Boston Scientific (**BSX**) is also in a confirmed uptrend, after a 3.5% gain following news of a positive 3-year trial for a new heart device. The stock is in a buy zone as its above its moving averages with a positive RSI and MACD.

## Daily Chart of the Communication Services Sector (XLC)



### Communication Services Sector Shines Despite GOOGL's Sharp Drop

The communication services sector, particularly Alphabet (**GOOGL**), faced pressure from potential antitrust action. The stock dropped sharply following news that the Department of Justice is pushing the company to sell their Chrome division.

**GOOGL** closed the week below its 50-day moving average on heavy volume selling with the RSI now in negative territory. We are removing the stock from our Suggested Holdings List.

Netflix (**NFLX**) closed at a new high in price after posting a 9% gain on the heels of last week's widely watched professional fight. The huge viewership is expected to smooth the company's path for other live-streaming events and hence, higher profit margins.

**NFLX** is overbought, with the RSI above 80 on both the daily and weekly charts. We are on the lookout for a period of consolidation which will allow the stock to set up for another leg up.

## Summary

As noted, inflation fears have re-emerged as investors prepare for a number of policy changes under a second Trump administration and Republican control of the government.

Some proposals raising concerns include a universal tariff of up to 20% on imports, mass deportation of undocumented immigrants, as well as tax cuts.

Next Wednesday, key inflation data by way of the Personal Consumption Expenditures Price Index (PCE) will be released. This is the Fed's preferred measure of inflation as it focuses on consumer spending on goods and services.

The first estimate for 3rd quarter U.S. GDP will also be released on Wednesday and with consumer  
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spending accounting for 68% of the number, this will be closely watched as well.

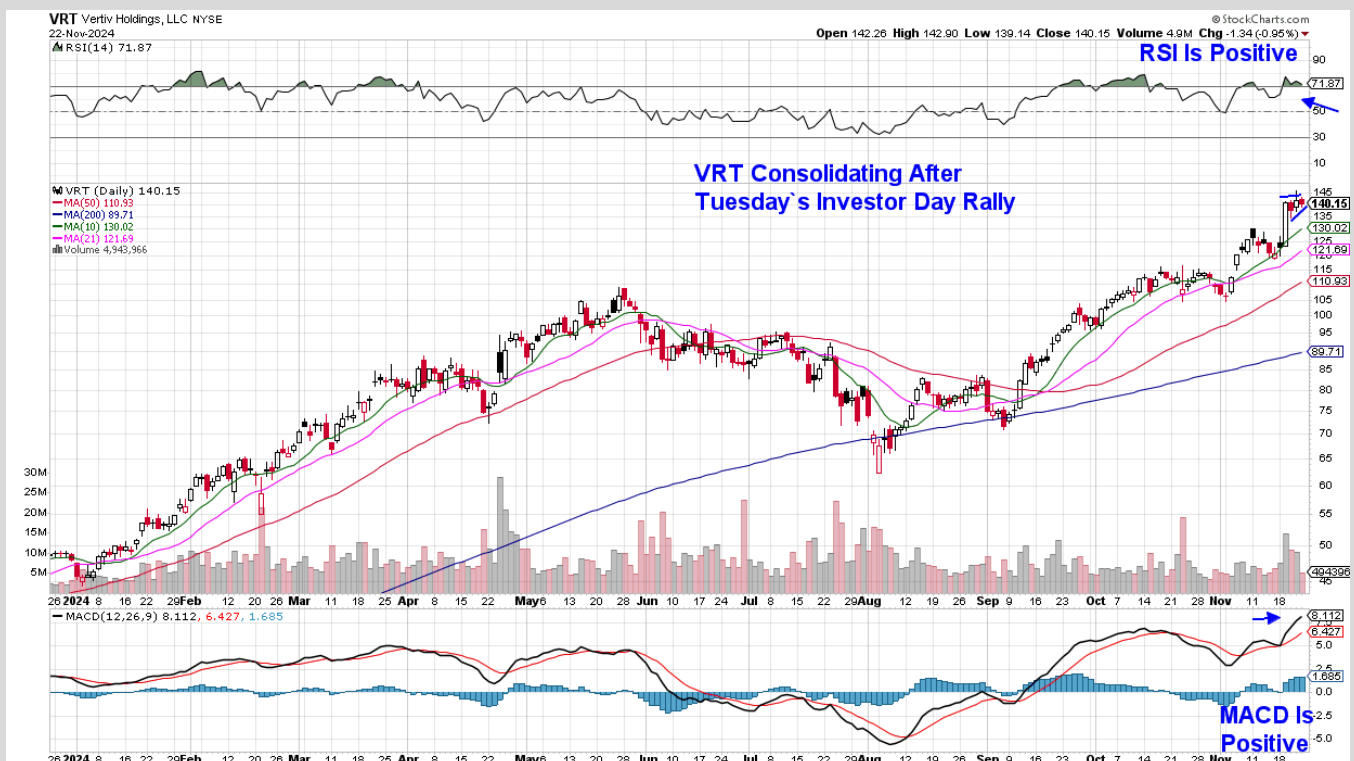
While inflation fears are driving some areas higher, earnings reports are continuing to have a big impact. On Tuesday, Dell Technologies (DELL) will be releasing results and the company is poised to benefit from strong sales of their AI servers.

Major retailers Dick's Sporting Goods (DKS) and Abercrombie and Fitch (ANF) will also be reporting on Tuesday and both stocks appear poised for a downtrend reversal going into results.

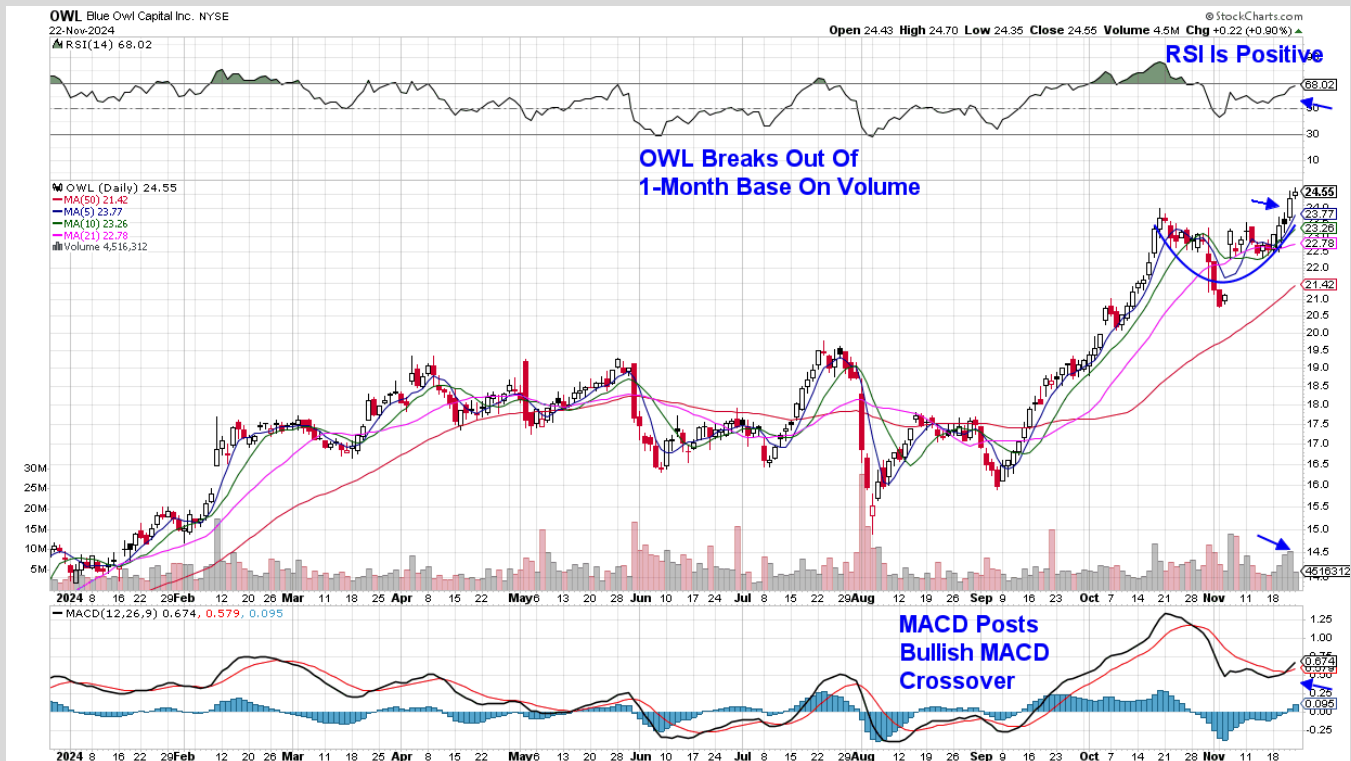
While the markets may be quiet next week due to the Thanksgiving holiday, historically it's a bullish period with the markets rising in the Wednesday to Friday period 60 out of the last 72 years.

## New Idea Charts:

### Daily Chart of Vertiv Holdings, LLC (VRT)

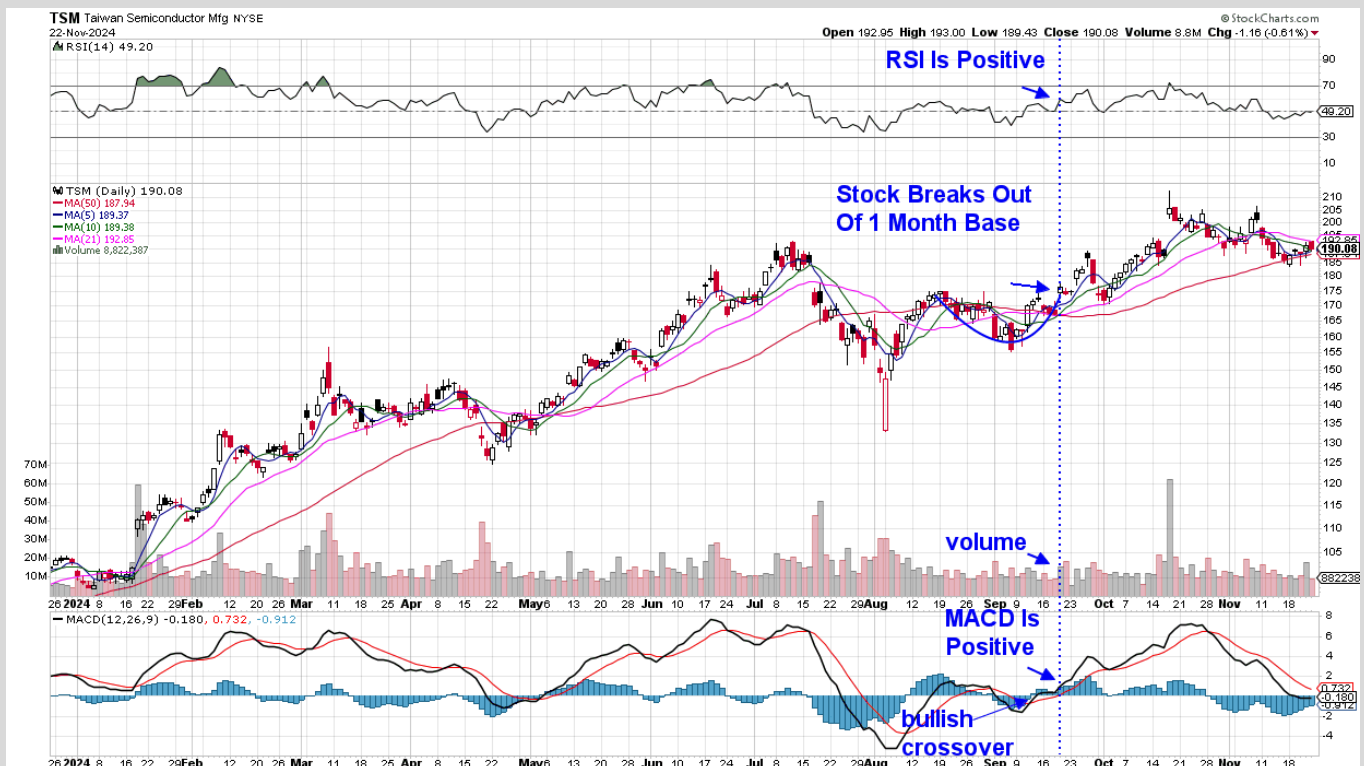


## Daily Chart of Blue Owl Capital Inc. (OWL)



## Characteristics Of Downtrend Reversal In Taiwan Semi (TSM)

### Daily Chart of Taiwan Semiconductor Mtg (TSM)



# 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	1.5%	
SHAK	Shake Shack	\$110.02	10/6/2024	13.0%	
TOL	Toll Brothers	\$139.50	7/27/2024	17.0%	
WMT	Walmart	\$72.90	8/15/2024	21.5%	

## FINANCIAL

AFRM	Affirm Holdings	\$56.10	11/17/2024	18.5%	
BAC	Bank of America	\$46.80	11/17/2024	0.5%	
OWL	Owl Capital	\$24.50	11/24/2024		

## INDUSTRIAL

EME	Emecor Group	\$420.00	9/22/2024	16.5%	
FTAI	FTAI Aviation	\$58.00	3/17/2024	132.0%	
GVA	Granite Construction	\$76.37	9/15/2024	27.5%	
VRT	Vertiv Holdings	\$140.10	11/24/2024		

## HEALTHCARE

BSX	Boston Scientific	\$81.80	9/2/2024	10.5%	
ISRG	Intuitive Surgical	\$598.80	10/20/2024	30.5%	

## TECHNOLOGY

FICO	Fair Isaac	\$2,024.90	10/9/2024	20.0%	
FTNT	Fortinet	\$82.80	10/13/2024	10.5%	
NVDA	Nvidia	\$123.50	9/25/2024	15.0%	
PLTR	Palantir	\$32.10	8/18/2024	81.0%	
Q TWO	Q2 Holdings	\$79.00	9/22/2024	29.0%	
TSM	Taiwan Semiconductor	\$181.90	9/25/2024	7.0%	

## COMMUNICATION SERVICES

GOOGL	Alphabet	\$171.30	11/3/2024	-3.0%	
NFLX	Netflix	\$701.40	9/2/2024	24.5%	

## Longer Term Hold Candidates That Were Removed From Suggested Holdings List

SYMB	COMPANY NAME	CURRENT STATUS
AAPL	Apple	Hold
ANET	Arista Networks	Hold
GE	GE Aerospace	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

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## 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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