

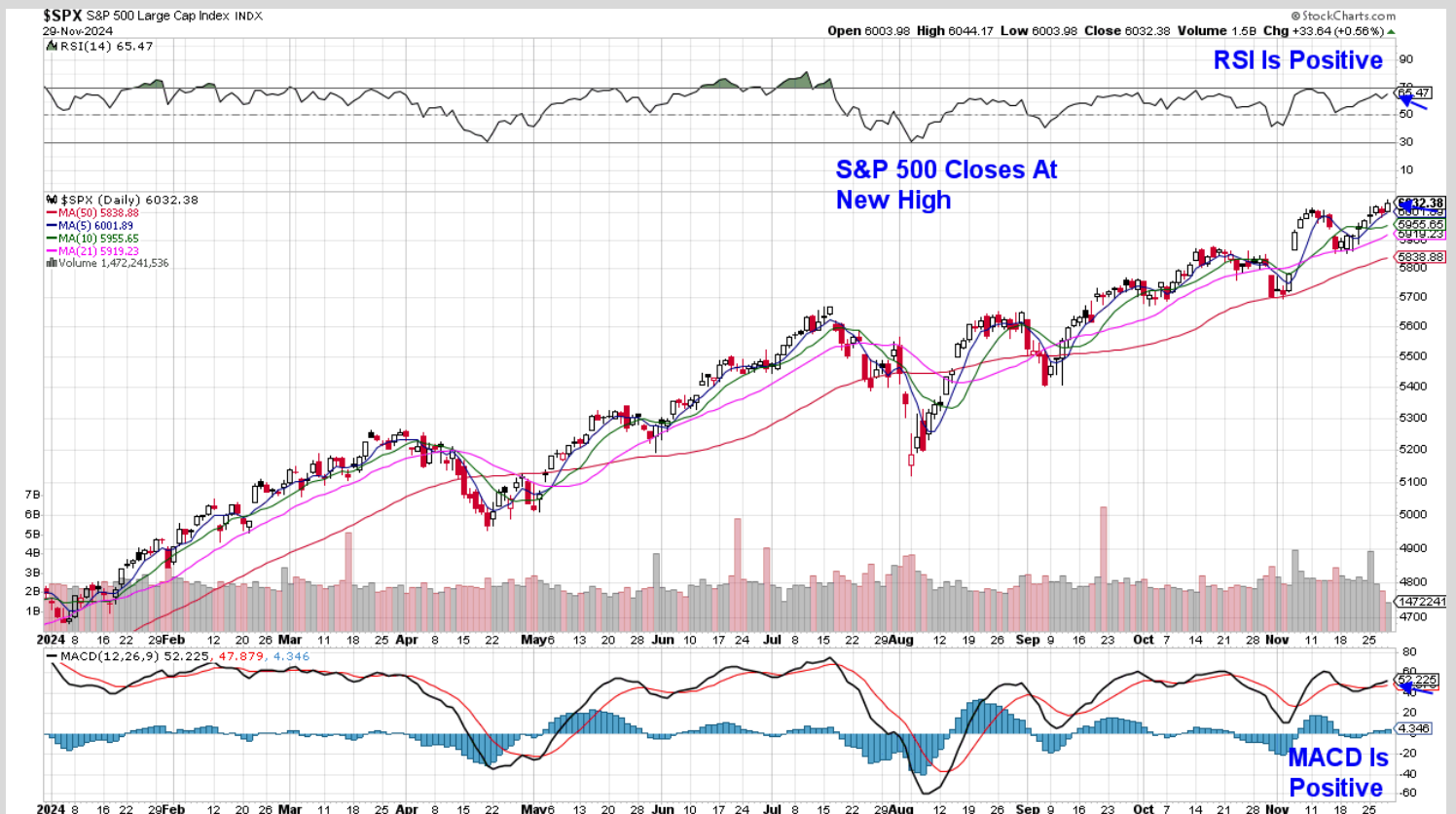


THE MEM EDGE

December 1, 2024 | Weekly Report

- Q3 GDP Grew At 2.8% - Unchanged From Initial Estimates
- Consumer Spending Rises Ahead Of Holidays
- PCE Shows Inflation Rising For First Time Since Summer
- November Employment Data Due Next Week

Daily Chart of S&P 500



The S&P 500 closed the week on a strong note with a rally that pushed this Index to a new high in price. With the RSI and MACD in positive territory, the uptrend in this Index remains in place.

The Nasdaq finished the week on a similarly high note with a 1.1% gain that puts this Index above its 10-day moving average as it moves closer to a possible new high.

Political policy was one of the largest drivers for the markets last week. Trump's nomination of Scott Bessent, a veteran hedge fund manager, as Treasury secretary buoyed the markets due to Bessent's Wall Street mindset.

The news brought interest rates down, with the yield on the 10-year Treasury now at 4.18%. In turn, Small Caps rallied to a new high before pulling back slightly. Biotechs and Housing stocks also benefited from the decline in interest rates with both areas outperforming.

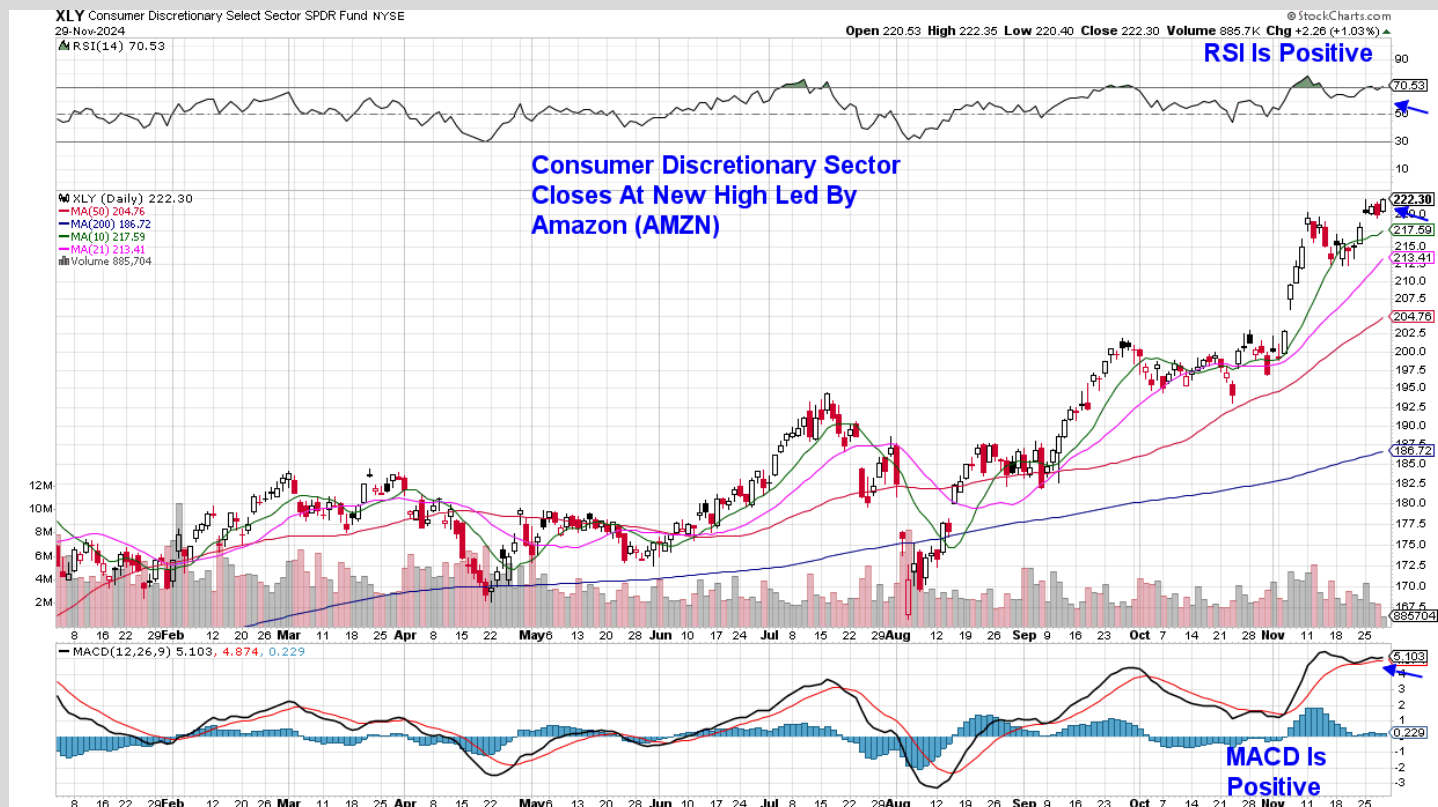
On a negative note, the Tech sector languished, due to a pullback in Semiconductor and Software stocks. Heavyweight name Nvidia (**NVDA**) recovered from a move below its 50-day moving average however, its near-term momentum remains negative.

Overall however, the markets remain in a confirmed uptrend with bullishness surrounding holiday sales numbers pushing Retailers higher while select AI-related names continue to outperform. Utility stocks were among the top performers.

Next week, crucial employment data will be released with the November jobs data due on Friday. Job openings and wage data will also be closely watched.



Daily Chart of the Consumer Discretionary Sector (XLY)



Consumer Discretionary Sector At New High

The Consumer Discretionary received a boost from heavyweight stock Amazon (**AMZN**) which rallied 5.5% following news of a strong start to the holiday shopping season. The stock is in a strong buy zone after closing the week above its upward trending 5-day moving average with a positive RSI and MACD that's poised for further upside.

Big box retailer Walmart (**WMT**) also participated in last week's rally and the stock remains in a confirmed uptrend above its upward-trending 10-day moving average.

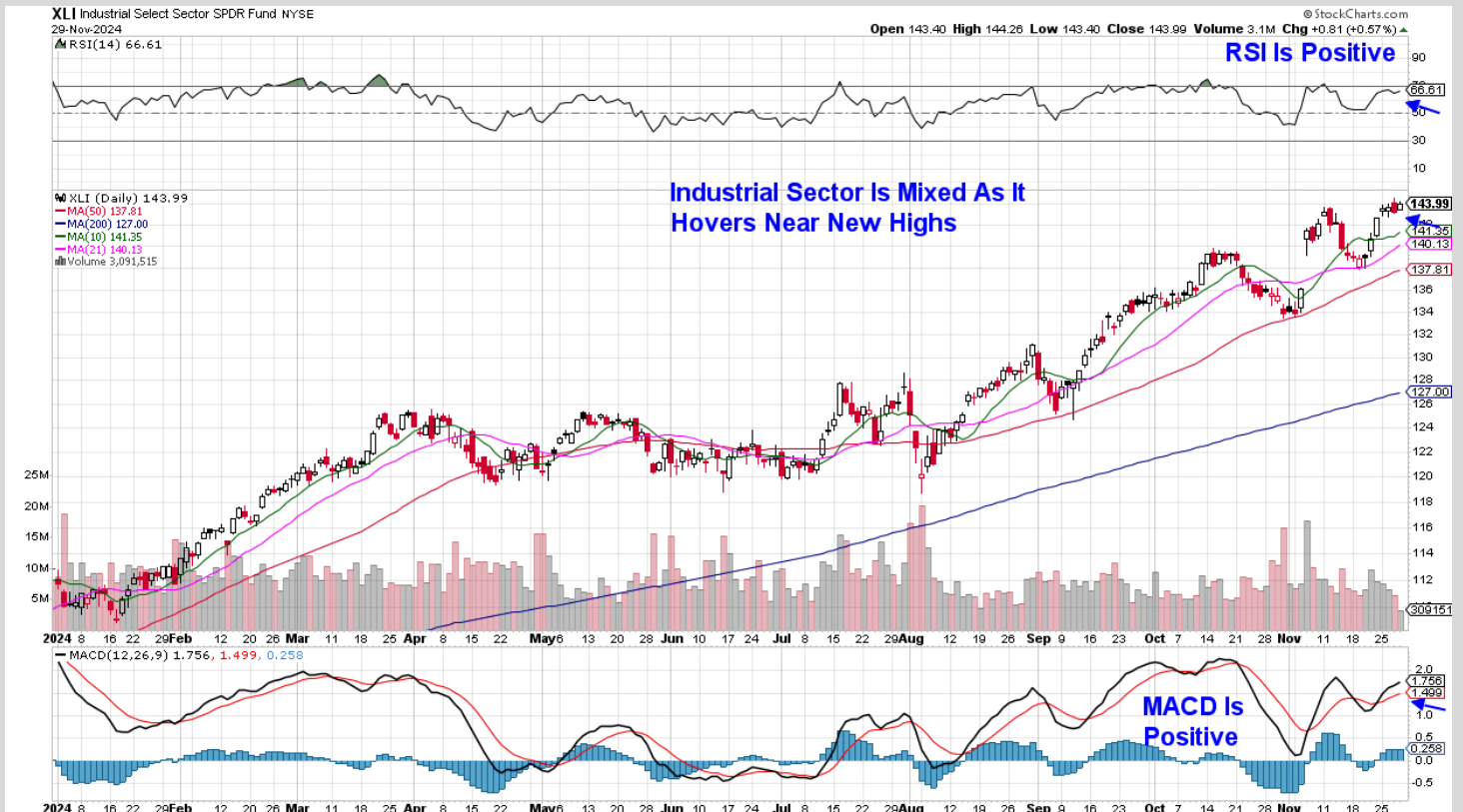
The RSI for **WMT** is above 78 on the daily chart however and historically, an RSI above 80 - such as early September - has preceded a slight pullback. We would add lightly to **WMT** at this time.

Shake Shack (**SHAK**) is a point away from a possible base breakout after last week's 8.8% rally. **SHAK**'s gain pushed the MACD into a bullish crossover which signals a new uptrend. The stock is in a buy zone.

As noted, lower interest rates gave Homebuilders a boost while pending home sales showed that in September, they posted the strongest gain in 2 years.

Toll Brothers (**TOLL**) is in a bullish position after Monday's gap up into a base breakout was met with a period of consolidation for the remainder of the week. **TOL** is in a buy zone.

Daily Chart of the Industrial Sector (XLI)



The Industrial Sector Underperforms Despite Sitting At New Highs

Industrials were mixed last week with EMCOR (**EME**) trending sideways after the prior week's downgrade from Goldman Sachs. **EME** gained 1% however with the stock above its shorter-term moving averages with a positive RSI and MACD.

A close above its recent high of \$532 would put **EME** into a buy zone.

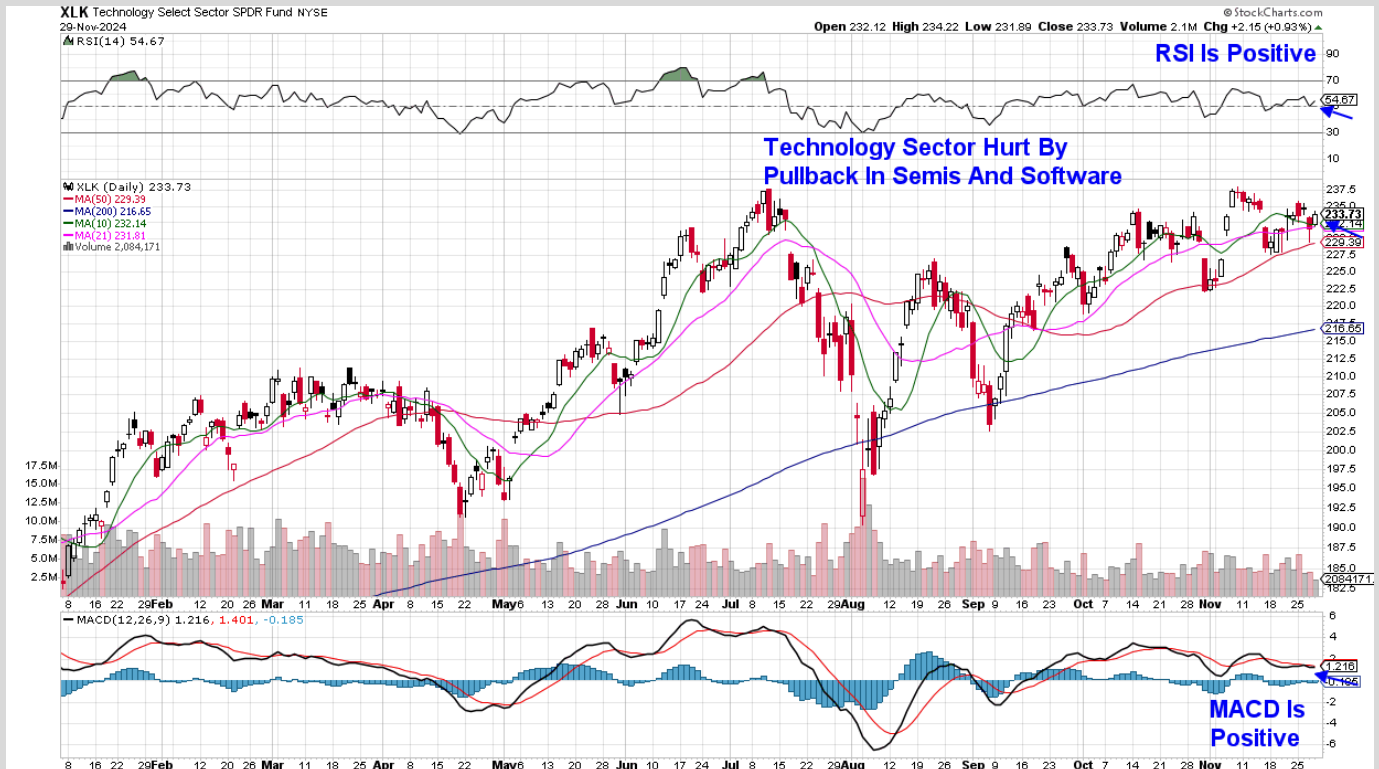
Granite Construction (**GVA**) experienced a similar period of consolidation as it continues to trend slightly higher. We anticipate further near term consolidation as the RSI is above 80 on the weekly chart. **GVA** can be held.

FTAI Aviation (**FTAI**) pulled back to its 10-day moving average which historically has been a buy zone. However, similar to late September, the MACD on the daily chart is poised for a negative crossover. This would not be a sell signal but rather, may indicate a near term period of consolidation. **FTAI** can be held.

Vertiv Holdings (**VRT**) posted a sharp pullback on heavy volume last week however, the stock has found support above its 21-day moving average.

The provider of power and cooling systems for high-demand AI centers is now in a buy zone with a close above its 10-day moving average in the \$132 range putting **VRT** into a strong buy zone.

Daily Chart of the Technology Sector (XLK)



Technology Sector Ends The Week Flat

A pullback in many heavyweight Semiconductor and Software stocks had this sector ending the week as the next-to-last weakest performer.

Nvidia (**NVDA**) was among them, with its decline beginning on Monday, following news that the company had met with Chinese officials despite President-elect Trump's plans to escalate trade tensions.

In addition, the stock was continuing to retreat after the prior week's earnings report where growth estimates were "good" but not great.

NVDA closed just above its 50-day moving average today however, the RSI is in negative territory with the MACD poised to turn negative as well. This

presents a negative outlook for the near term and we would not be a buyer in this pullback.

A close back above its 10-day moving average coupled with a positive RSI, would shift our sentiment for **NVDA** to near-term positive.

In addition, the Semiconductor group remains in a confirmed downtrend as this ETF is below its downward trending 21-day moving average with a negative RSI and MACD. (using SOXX)

Software stocks were pulled lower led by steep losses in companies reporting disappointing earnings such as Autodesk (**ADSK**), Workday (**WDAY**), and CrowdStrike (**CRWD**). Heavyweight names Salesforce (**CRM**) and Oracle (**ORCL**) also pulled back more than the group.

Salesforce (**CRM**) is due to report their quarterly results on Tuesday and the results are anticipated to impact other AI-related stocks.

Palantir (**PLTR**) outpaced other Software names with a 4.2% rally that was spurred by a Wall Street price target upgrade earlier in the week. **PLTR** remains in a confirmed uptrend as it finds support above its 5-day moving average.

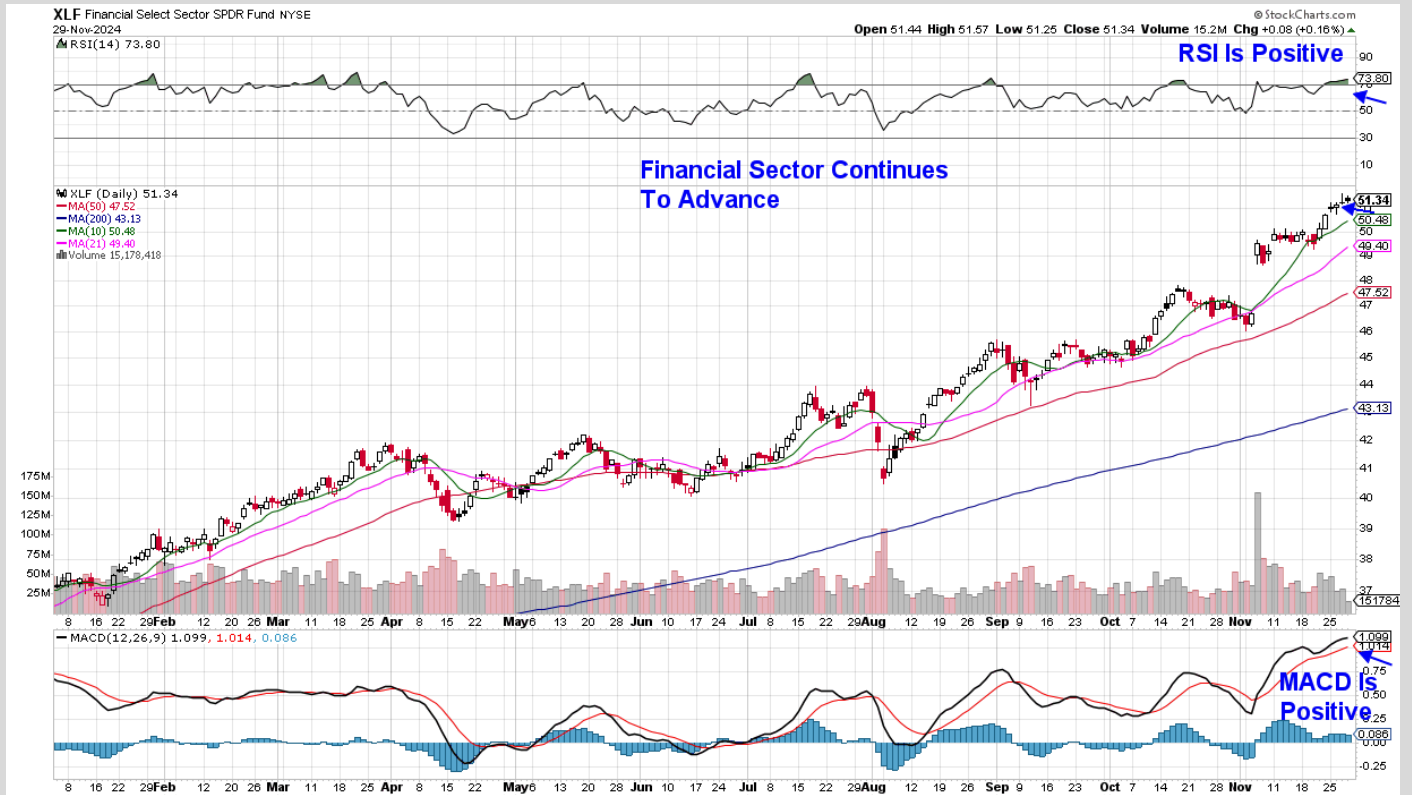
Fortinet (**FTNT**) also outpaced its peers amid a price target upgrade to \$110. The provider of Software Security is in a buy zone as it is above its 10-day moving average with a positive RSI and MACD.

Fair Isaac (**FICO**) is also in a buy zone as it finds support above its upward-trending 5-day moving average. The stock is moving closer to a possible base breakout at the \$2402 level.

Q2 Holdings (**QTWO**) pulled back 1.5% as it digests the prior week's sharp gain. We are on the lookout for a pullback to the 10-day moving average as a possible buy point.



Daily Chart of the Financial Sector (XLF)



Financial Sector Posts In Line With Markets

Financials were held back by a pullback in Asset Management firms while Regional Banks were flat.

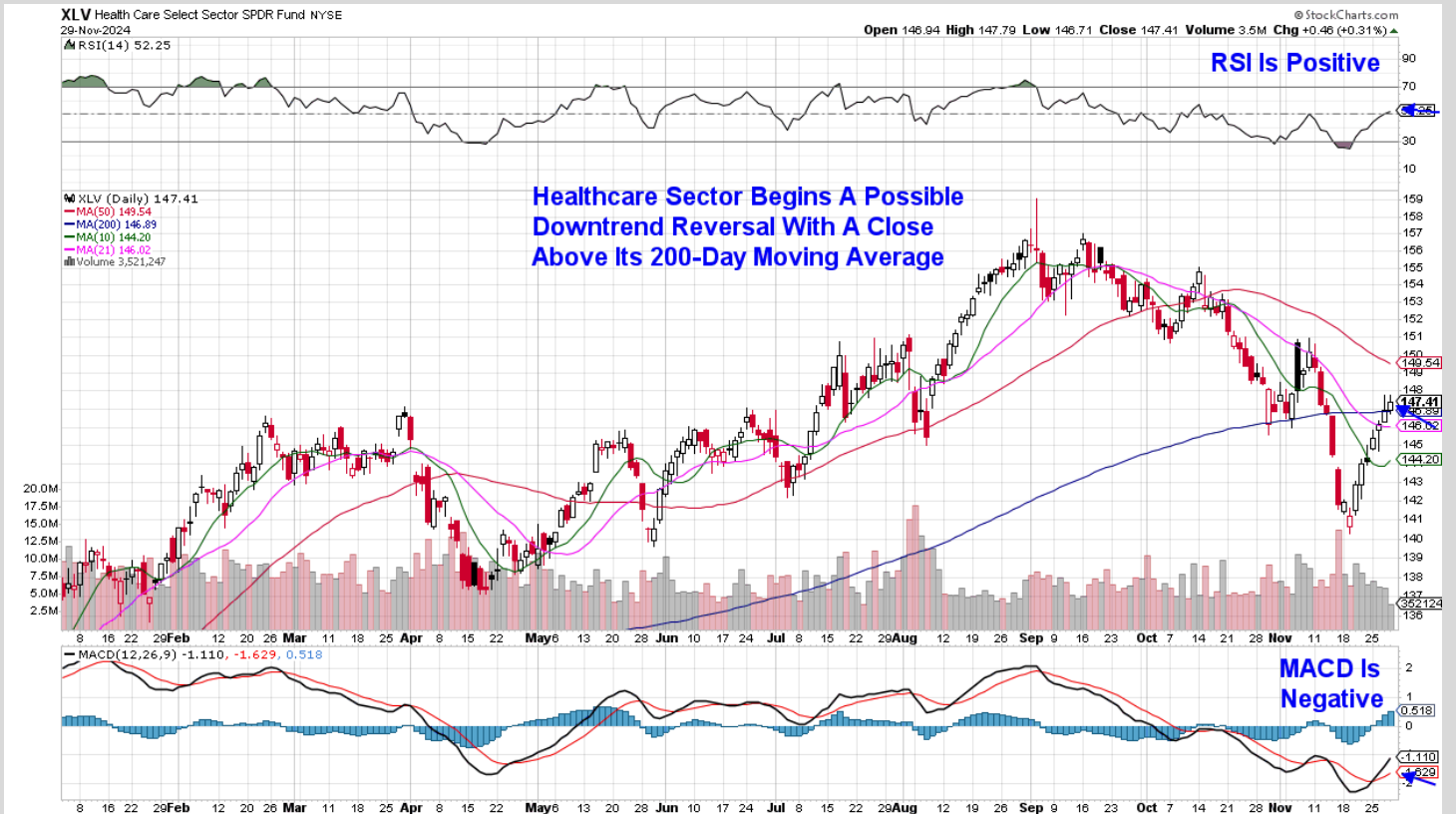
Payment processor Affirm (**AFRM**) was on the move higher however with a 5% gain which followed a Wall Street upgrade. The leader in the buy now, pay later space remains in a confirmed uptrend above its upward-trending 5-day moving average.

AFRM can be bought on a pullback to its 5-day moving average in the \$68 range.

Bank of America (**BAC**) ended the week up 1% with a Friday pullback to its 5-day moving average that puts the stock into a buy zone.

Blue Owl Capital (**OWL**) pulled back to its 10-day moving average. We are keeping our eye on the daily chart as a negative MACD crossover on the daily chart would be a near term negative. For now, the stock can be held.

Daily Chart of the Health Care Sector (XLV)



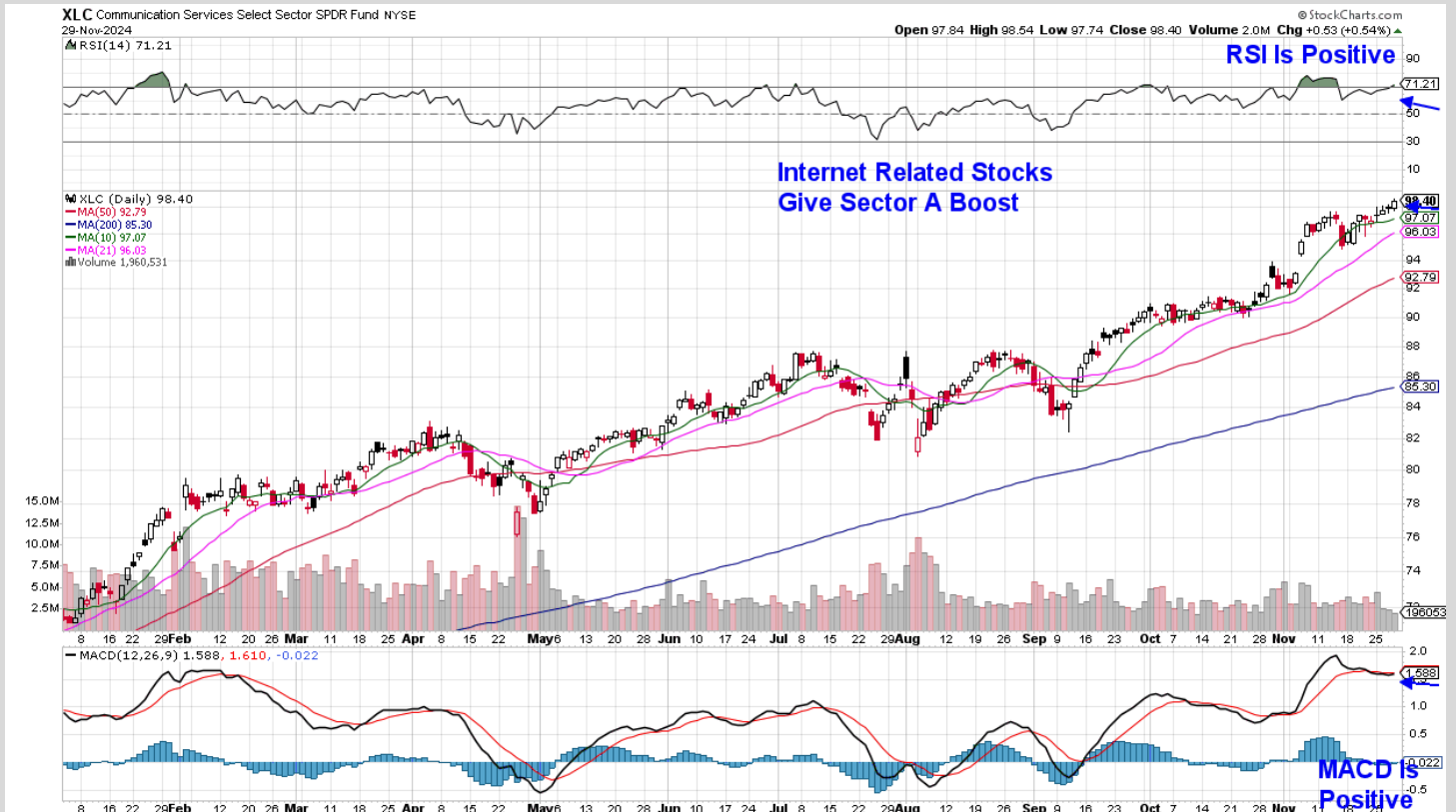
Healthcare Sector Is Top Performer

Healthcare stocks gained the most last week led by a rally in beaten-down Pharmaceutical stocks such as Eli Lilly (**LLY**). Outperformance in Biotech stocks also gave this sector a boost.

Among stocks on our List, Boston Scientific (**BSX**) posted a slight gain in a move that keeps this stock above its 10-day moving average which keeps the stock in a buy zone.

Intuitive Surgical (**ISRG**) pulled back a bit more while also finding support above its 10-day moving average. However, the near term momentum for **ISRG** has flattened, with the MACD posting a negative crossover on the daily chart. For now, **ISRG** can be held.

Daily Chart of the Communication Services Sector (XLC)



Communication Services Sector Mark A New High

Heavyweight names Alphabet (**GOOGL**) and Meta Platforms (**META**) both outpaced the markets last week however, they both remain in a downtrend.

A move into live streaming provides plenty of opportunities for the company to expand their revenue which has Wall Street revising estimates higher for **NFLX**.

Media streamer Netflix (**NFLX**) remains in a buy zone after its early week pullback to its 10-day moving average. The pullback last week followed a sharp gain the prior week on the heels of huge viewership for their first live event.

Summary

Last week's holiday-shortened period was marked by the continued influence of the "Trump trade". In addition to the bullish reaction to Bessemer's appointment as Treasury secretary, talk of possible tariff increases next year gave the markets a brief pause. Both General Motors (**GM**) and Ford (**F**) fell sharply on the news.

Next week, we may see a move back to Fed-related concerns, with November's employment data due ahead of the Federal Reserve's FOMC meeting later this month.

Overall however, the broader markets are in a position to continue to trade higher with both the S&P 500 and Dow hitting a new high in price after posting their strongest month of the year.

Given the recently sharp advance in the markets, many stocks are stretched out of buy points. That said, names such as Constellation Energy (CEG) are at the top of our Watch List as the stock closed just above its 50-day moving average with a positive RSI and MACD. We'd like to see the stock post more time above this key moving average before adding the stock to our Suggested Holdings List.



MEM Edge Report Suggested Holdings

Stocks With Emerging Leadership Characteristics

| \$ = Earnings Due | Buy Zone | Strong Buy | Buy on Pullback | Removed From List | |
|------------------------|----------------------|------------|-----------------|-------------------|--------------|
| SYMB | COMPANY | PRICE | DATE ADDED | PERFORMANCE | EARNINGS DUE |
| CONSUMER DISCRETIONARY | | | | | |
| AMZN | Amazon | \$191.60 | 9/22/2024 | 7.0% | |
| SHAK | Shake Shack | \$110.02 | 10/6/2024 | 21.5% | |
| TOL | Toll Brothers | \$139.50 | 7/27/2024 | 22.0% | |
| WMT | Walmart | \$72.90 | 8/15/2024 | 24.0% | |
| FINANCIAL | | | | | |
| AFRM | Affirm Holdings | \$56.10 | 11/17/2024 | 23.0% | |
| BAC | Bank of America | \$46.80 | 11/17/2024 | 1.5% | |
| OWL | Owl Capital | \$24.50 | 11/24/2024 | -3.0% | |
| INDUSTRIAL | | | | | |
| EME | Emecor Group | \$420.00 | 9/22/2024 | 17.5% | |
| FTAI | FTAI Aviation | \$58.00 | 3/17/2024 | 129.0% | |
| GVA | Granite Construction | \$76.37 | 9/15/2024 | 27.5% | |
| VRT | Vertiv Holdings | \$140.10 | 11/24/2024 | -9.0% | |
| HEALTHCARE | | | | | |
| BSX | Boston Scientific | \$81.80 | 9/2/2024 | 11.5% | |
| ISRG | Intuitive Surgical | \$598.80 | 10/20/2024 | 29.5% | |
| TECHNOLOGY | | | | | |
| FICO | Fair Isaac | \$2,024.90 | 10/9/2024 | 21.0% | |
| FTNT | Fortinet | \$82.80 | 10/13/2024 | 13.0% | |
| NVDA | Nvidia | \$123.50 | 9/25/2024 | 12.5% | |
| PLTR | Palantir | \$32.10 | 8/18/2024 | 85.0% | |
| QTWO | Q2 Holdings | \$79.00 | 9/22/2024 | 27.5% | |
| COMMUNICATION SERVICES | | | | | |
| NFLX | Netflix | \$701.40 | 9/2/2024 | 23.5% | |

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

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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