

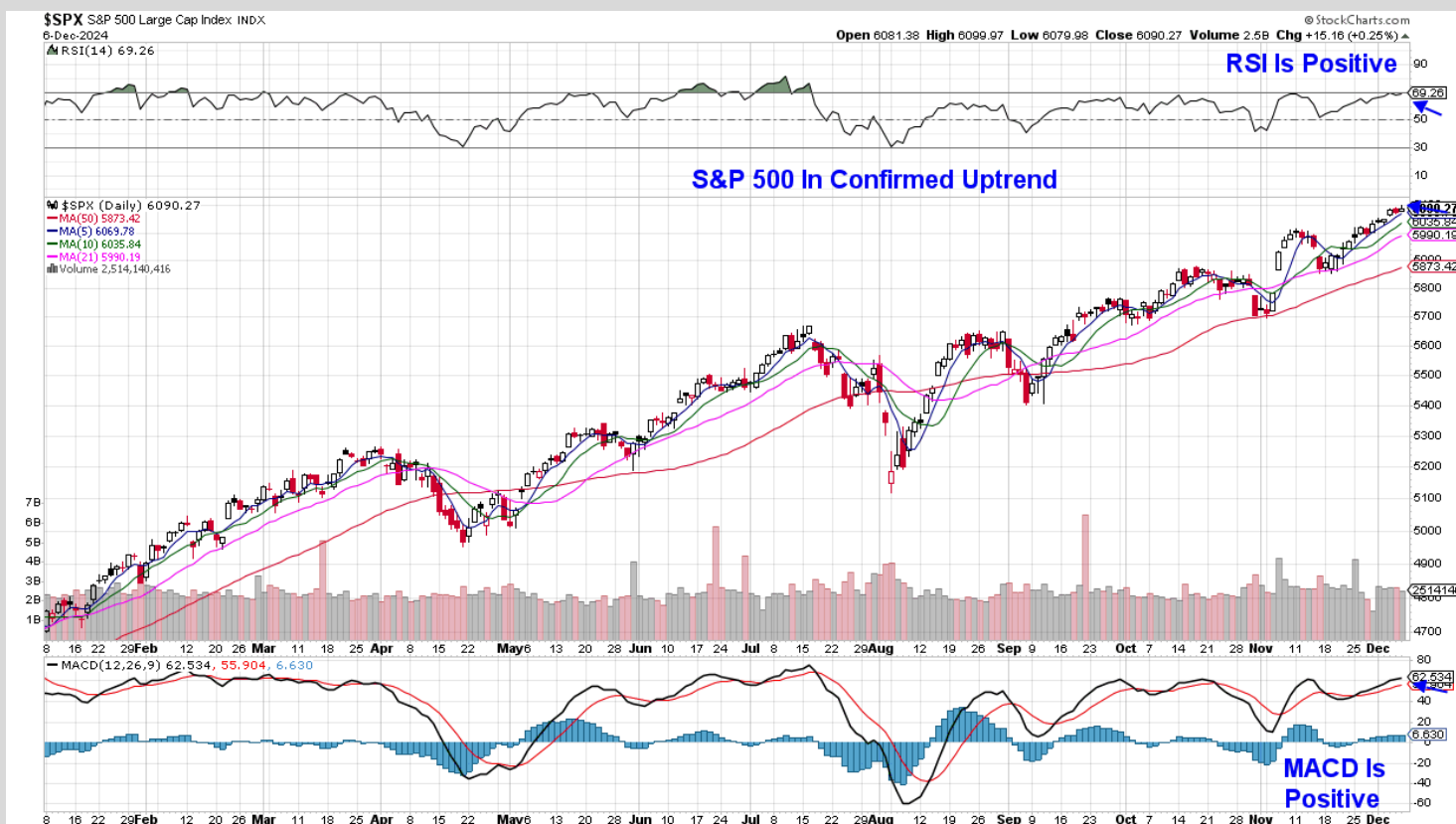


# THE MEM EDGE

December 8, 2024 | Weekly Report

- U.S. Jobs Market Points To Stable Economy
- Powell Says Economy Is In Remarkable Shape
- Nasdaq, Dow and S&P 500 Hit Record Highs
- U.S. Employment Report Helps Increase Odds Of December Rate Cut
- Consumer Sentiment Rises In December
- CPI and PPI Inflation Data Next Week

## Daily Chart of S&P 500



The S&P 500 continued its upward momentum from November, with a 1% gain that keeps its uptrend in place with the Index sitting at new highs.

The Nasdaq fared quite a bit better, with a 3.3% gain that was buoyed by a strong performance in tech, especially AI-related stocks.

Expectations of a Fed rate cut and positive economic data fueled the rally in Growth areas outside of Tech as well, with Communication and Consumer Discretionary stocks among the top performing areas. Each of the M7 names outperformed as well - some by a wide margin.

Value stocks such as Utilities and Basic Materials, fell an average of 3.5% amid weak job growth in the manufacturing sector. Industrials also underperformed.

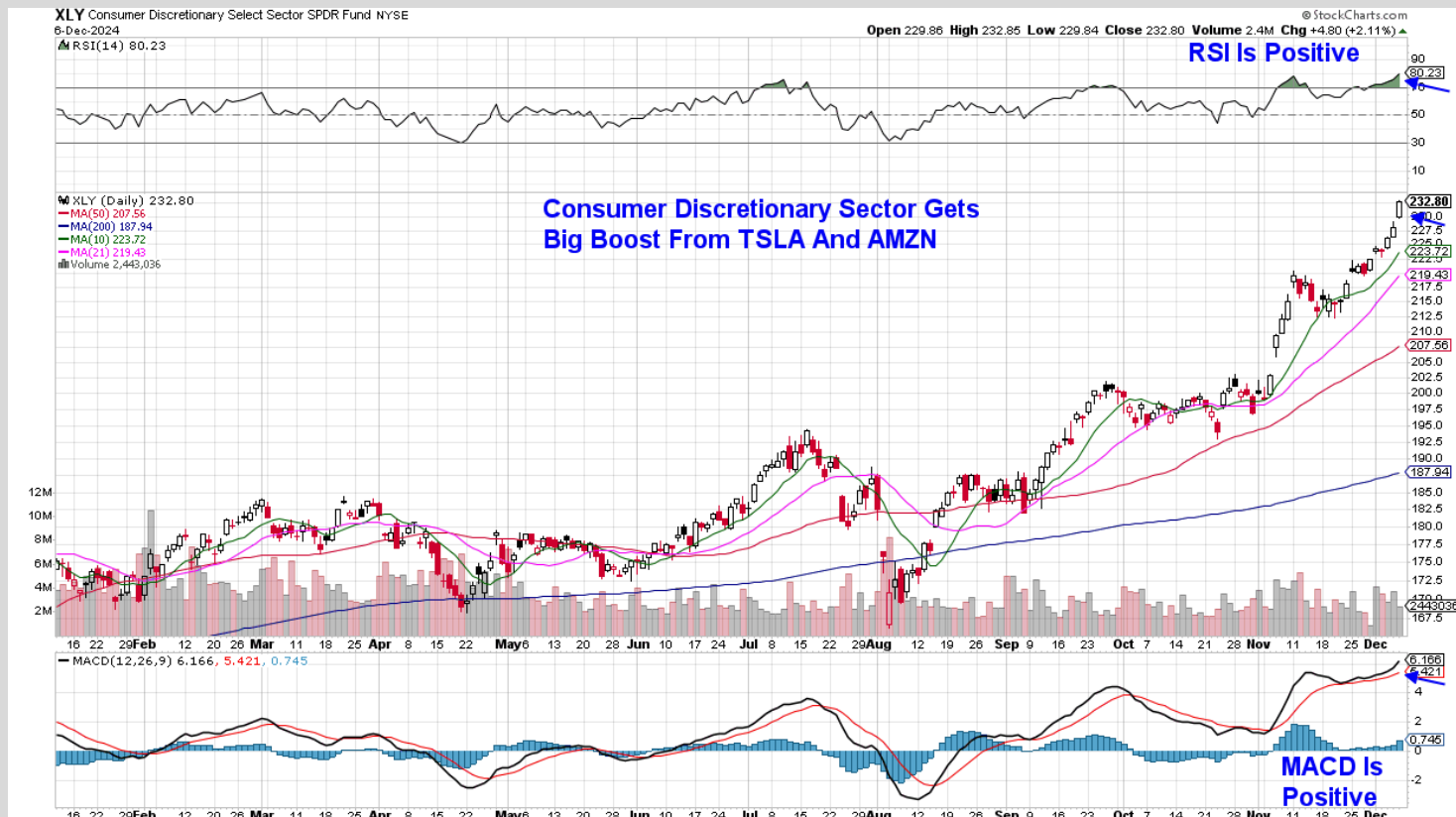
Overall, market breadth fell as investors pivoted back toward mega cap Growth names. The Equal-Weighted S&P 500 fell 1.3% for the week.

On Wednesday, Fed Chair Powell stated that “the U.S. economy is in very good shape, and there’s no reason for that not to continue...” The comments helped boost expectations for a 25-basis-point rate cut later this month.

Areas that benefit from a declining interest rate environment did not fare well however, with Small Caps and Home Construction stocks both declining.

Next week, key inflation data will be released with the Consumer Price Index (CPI) and Producer Price Index (PPI) due on Wednesday and Thursday respectively. Investors are on the lookout for inflation to remain steady and any increase may cause volatility.

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



### Consumer Discretionary Sector Gets Mega-Cap Boost

The Consumer Discretionary sector outpaced the markets due to exceptional outperformance in heavyweight names Amazon (**AMZN**) and Tesla (**TSLA**). Combined, these two stocks account for a 40% weighting in this sector.

Amazon (**AMZN**)'s gains last week were more related to AI news, as the company revealed plans for a massive AI supercomputer made of their in-house chips. This was on the heels of the company reporting a strong start to holiday sales the prior week.

Among major retailers, Amazon saw the strongest growth on Black Friday, with sales rising 6% compared to Black Friday a year earlier,

While the position of both the RSI and MACD point to further near-term upside, a pullback to the \$218 range at its 5-day moving average, would be a good buy point.

Walmart (**WMT**) also saw increased spending relative to last year's Black Friday while Cyber Monday was also better than last year. The stock is continuing to trend higher above its upward trending 5-day moving average.

With the RSI being overbought at 84, using the overbought mid-September period as precedent, a period of consolidation was signaled by a negative MACD crossover - black line down through the red.

At this time, we are not close to this occurring. WMT is in a buy zone.

Shake Shack (**SHAK**) posted a 1-month base breakout on Thursday amid news that the company will be partnering with Delta Airlines to provide food for their higher end flyers.

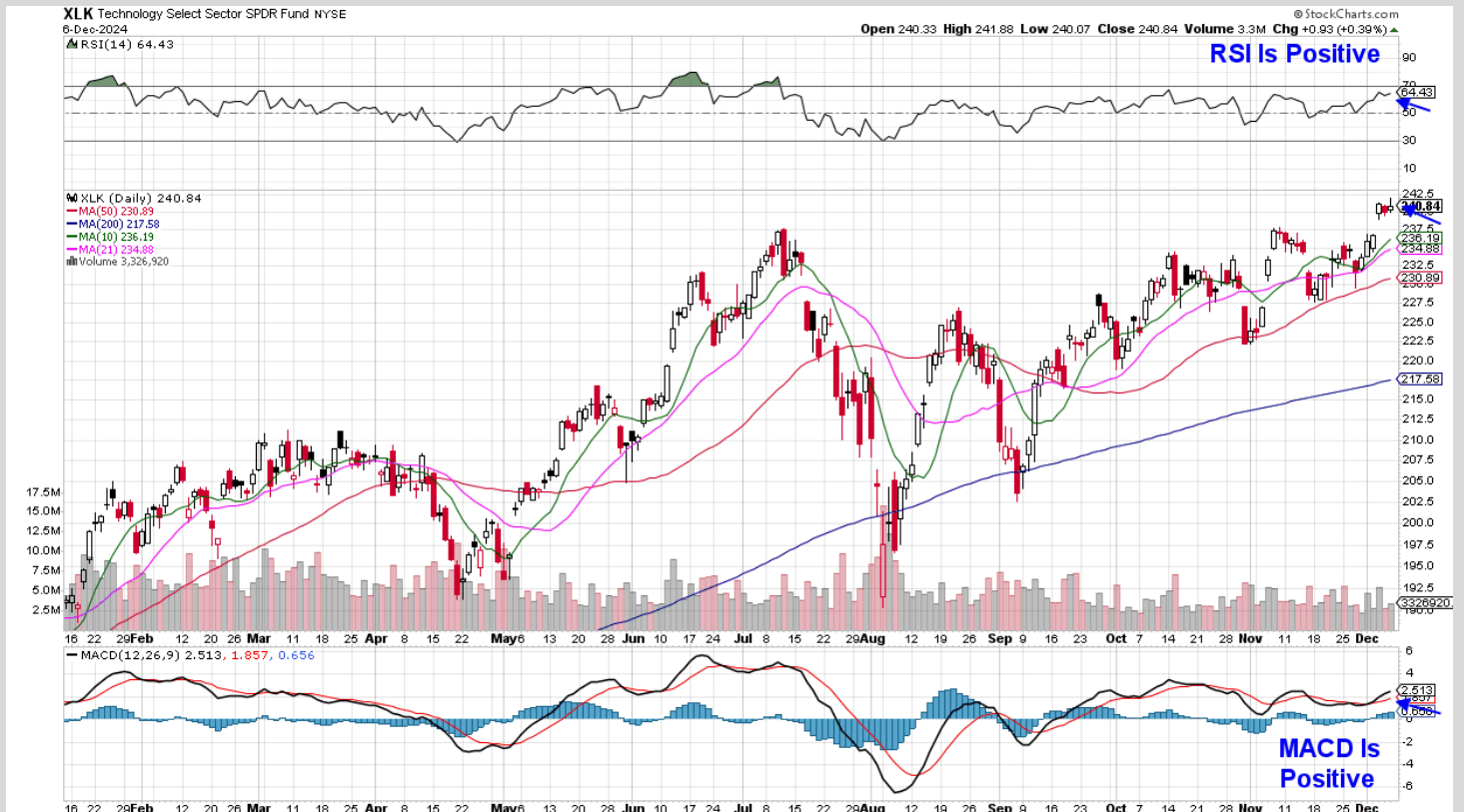
SHAK is in a buy zone as it trends higher however, we'd like to see a confirming RSI - where the RSI on the daily chart hits a new high in line with the stock's price - before advocating the stock as being in a strong buy zone.

Homebuilders fell 3.3% last week following a WSJ article that cited the group's vulnerability to possible deportations and new tariffs. Both possibilities could lead to a labor shortage and higher costs for home buyers.

Toll Brothers (**TOL**) fell 6.7% last week ahead of the release of their earnings on Monday. While TOL is finding support above its 50-day moving average, the RSI is now in negative territory.

Should TOL close back above its 10-day moving average in the \$161 range after a bullish earnings report, we would stay with the stock.

## Daily Chart of the Technology Sector (XLK)



### Technology Sector Closes At A New High In Price

Tech stocks were the top performing group last week, led by a sharp uptick in Software stocks which closed at a new high.

With the new administration being pro-growth, these stocks are poised to benefit as more corporate funds can be allocated to their services. Government spending is also ramping up with a focus on national security.

Palantir (**PLTR**) - which derives 60% of their revenues from the U.S. government - rose 14% last week on news that they're partnering with defense-tech company Anduril to ensure that the U.S. government leads the world in AI.

PLTR remains in a confirmed uptrend and in a buy zone.

In addition to AI capabilities that manage data, Software companies that provide cybersecurity are also in demand. This would include Fortinet (**FTNT**) which is poised for a 3-week base breakout at \$100.6 level.

FTNT is in a buy zone and a base breakout would put the stock into a strong buy zone.

Q2 Holdings (**QTWO**) has gained over 5% after analysts upgraded the stock due to their growth within the banking industry. On Tuesday, the stock

posted a 1-week base breakout on heavy volume and Q TWO is in a buy zone.

Fair Isaac (**FICO**) trended sideways last week as it marks time. A base breakout at the \$2402.5 level would put FICO into a strong buy zone.

Semiconductor stocks also outperformed led by AI chip company Marvel (**MRVL**) who reported strong earnings and guided growth higher going forward.

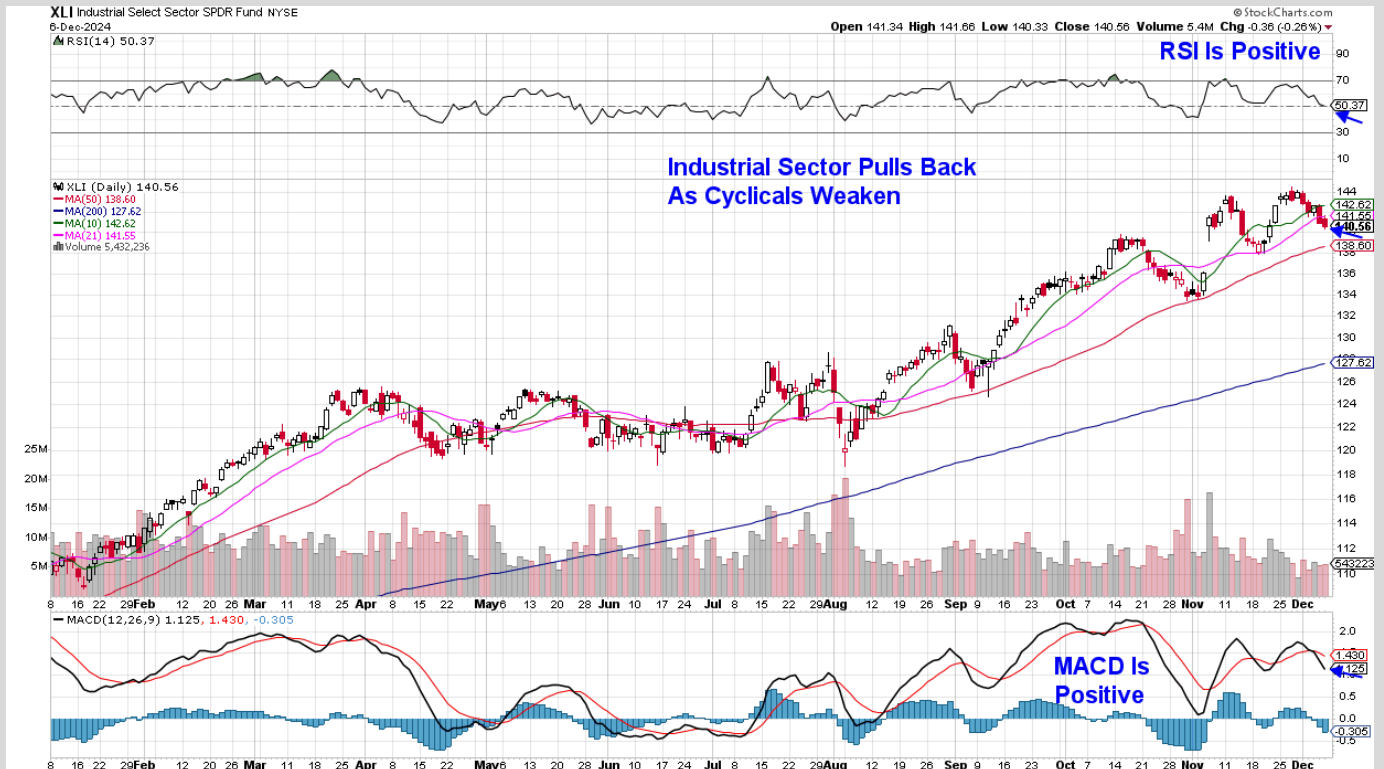
The news helped push AI chip leader Nvidia (**NVDA**) higher however, the near term momentum for the stock remains flat. A bullish MACD crossover would put the stock into an uptrend and hence, a buy zone.

Last week, Taiwan Semi (**TSM**) regained its uptrend after closing above its 50-day moving average with a bullish MACD and a positive RSI.

TSM dominates the market for manufacturing advanced chips that are used in AI applications. The stock is in a buy zone as it finds support above its upward trending 5-day moving average.

Next week, AI related Semiconductor stock Broadcom (**AVGO**) will be reporting their earnings. The results - as well as investor's response - is expected to impact other Semis.

## Daily Chart of the Industrial Sector (XLI)



### Industrial Sector Pulls Back

The Industrial sector was led lower by a 4.3% loss in Transportation stocks as profit margins for Truckers and Rail companies continued to decline. Reports of weak hiring at manufacturing companies also hurt this sector.

Last week's AI driven rally in the markets did push select Electrical Equipment stocks higher. This would include Vertiv Holdings (**VRT**) which rallied 5% in a move that puts this stock into an uptrend.

VRT has seen great demand for their power and cooling systems for data centers that train AI models. The stock is in a buy zone.

Emcor Group (**EME**) ended the week flat and has been in a tight trading range for several weeks. The

move is similar to the mid-September into late October period and we're on the lookout for a breakout coupled with a bullish MACD crossover (black line up through the red) to signal a new uptrend.

Granite Construction (**GVA**) is experiencing a similar base building period which is mirroring its September into October consolidation phase which preceded a new uptrend.

Both EME and GVA can be held.

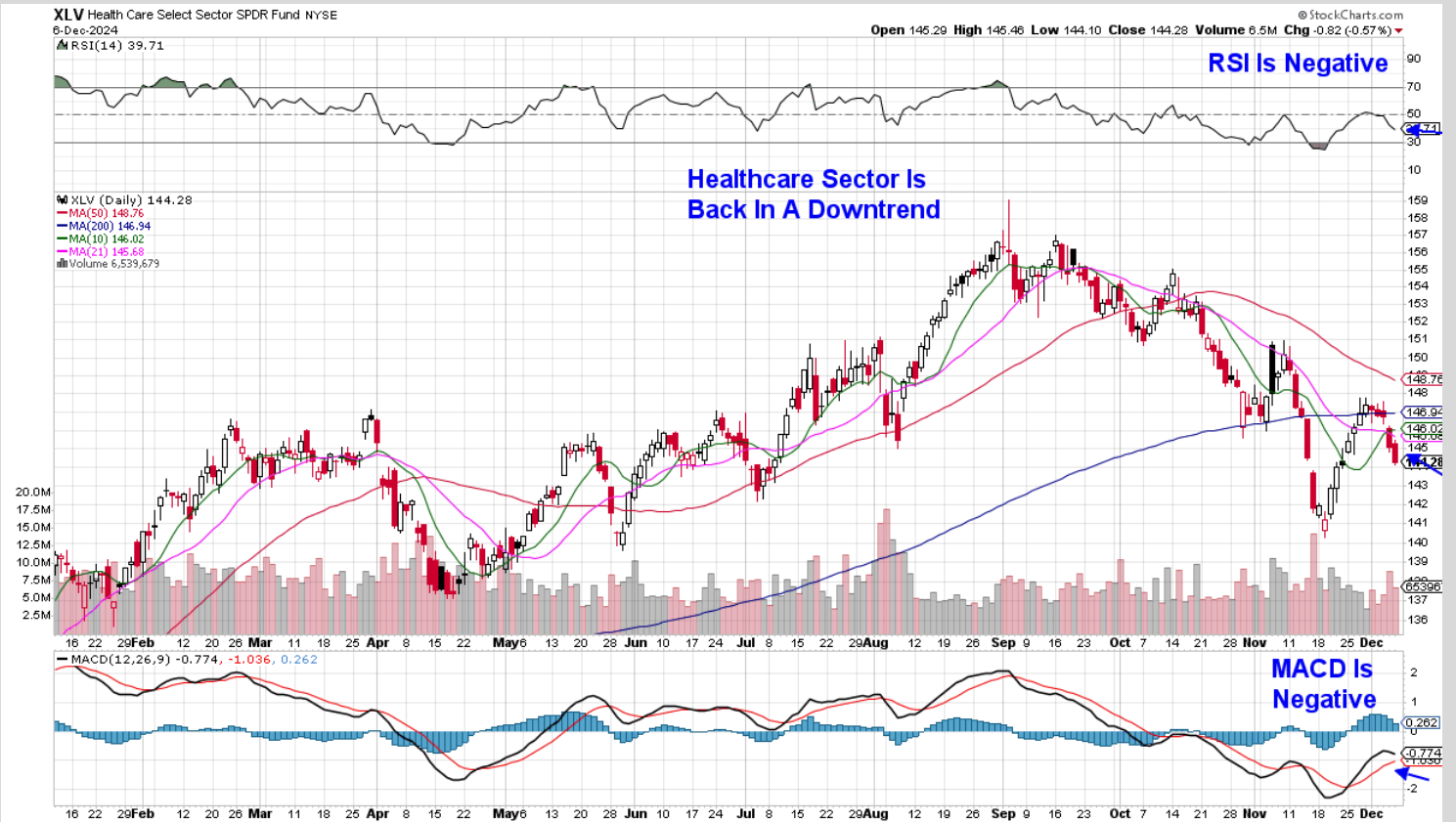
FTAI Aviation (**FTAI**) pulled back sharply last week in a move that puts the RSI into negative territory. The stock remains above its 50-day moving average however, with buyers coming in on Friday's decline

so that it closed in the upper portion of its trading range.

FTAI has a history of pulling back to its 50-day moving average and recovering its uptrend. A close back above its 10-day moving average in the \$165 range would put FTAI into a buy zone.



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



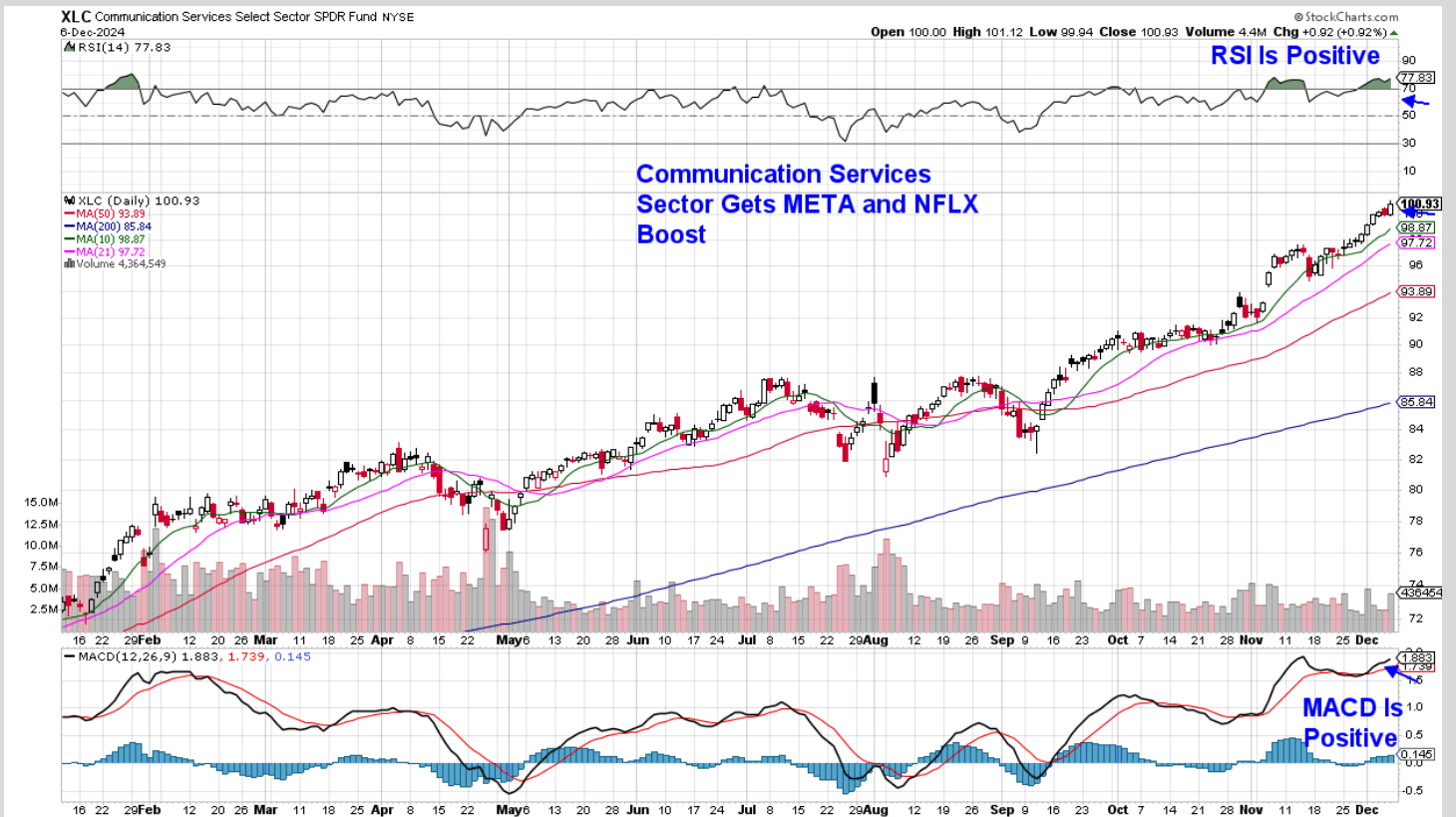
### Healthcare Sector Back Below Moving Averages

Healthcare stocks were already struggling before news of United Healthcare (**UNH**)'s CEO pushed health insurance stocks down further.

Select Medical Products stocks such as Intuitive Surgical (**ISRG**) posted a gain last week following a Wall Street upgrade. The stock is in a buy zone after closing the week above its 5-day moving average.

Boston Scientific (**BSX**) closed the week down slightly which keeps the stock in a buy zone. The stock is exhibiting a low volume period of consolidation which is similar to the late September to early October period. BSX can be held

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



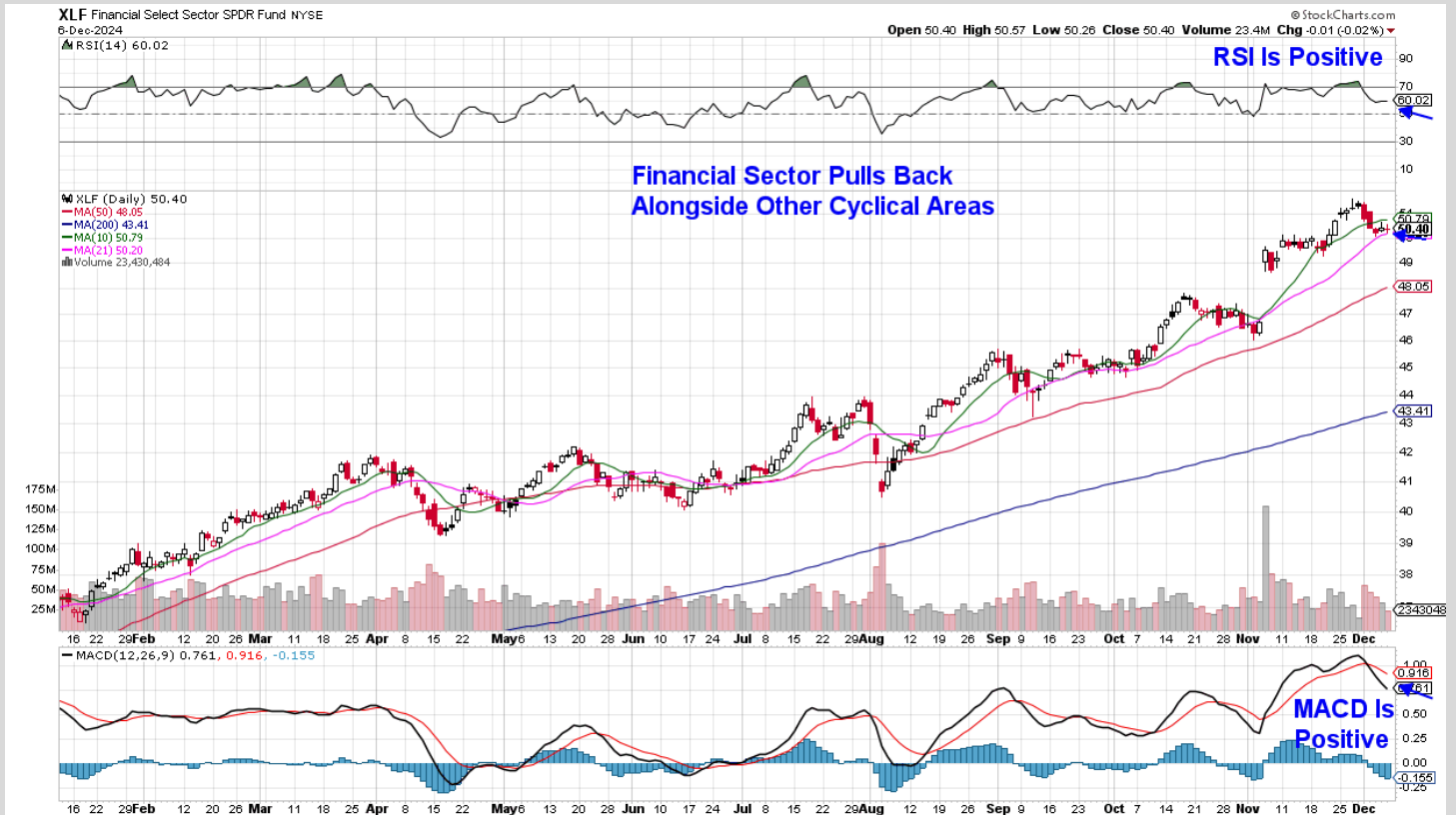
### Communication Services Sector Gets M7 Boost

Heavyweight stock Meta (**META**) posted a large gain last week following news of their plans to build the largest data center ever. The company is accelerating their AI investments on the heels of gaining almost 600 million monthly active users on their chatbot AI assistant.

Netflix (**NFLX**) remains in a confirmed uptrend following last week's 5.5% gain on the heels of a Wall Street price target upgrade. The company continues to see growth in its advertising tier which has a lower monthly fee but garners revenue from ad sales. NFLX is in a buy zone.

We're adding META back to our Suggested Holdings list following last week's downtrend reversal and base breakout of a new base.

## Daily Chart of the Financial Sector (XLF)



### Financial Sector Pulls Back Following Strong November

The Financial sector hit pause as it digests last month's sharp rise. Bank stocks in particular were on the rise following the November election as Trump is expected to lower regulations.

Buy now, pay later Fintech company Affirm (**AFRM**) posted a 2.7% gain during a volatile week. The stock continues to find support above its 10-day moving average however, the MACD is poised to post a negative crossover (black line down through the red).

This would not be a sell signal but rather may indicate a period of consolidation for AFRM. The

stock is in a buy zone however, we would add lightly to any positions at this time.

Blue Owl Capital (**OWL**) remains above its upward trending 21-day moving average after ending the week flat. A close above \$24 - its 10-day moving average - would put the stock into a buy zone.

Bank of America (**BAC**) is in a buy zone after Friday's close above its 10-day moving average. A bullish MACD crossover would put the stock into a strong buy zone.

## Summary

Last week's focused move into mega-cap Growth and other AI related stocks highlights investors' keen interest in participating in this growing area of the economy. The pullback elsewhere in the markets gave recently strong Cyclical areas an opportunity to consolidate.

Overall, we remain in a confirmed uptrend and as we approach the end of the year, the U.S. economy remains robust, showing no signs of a recession.

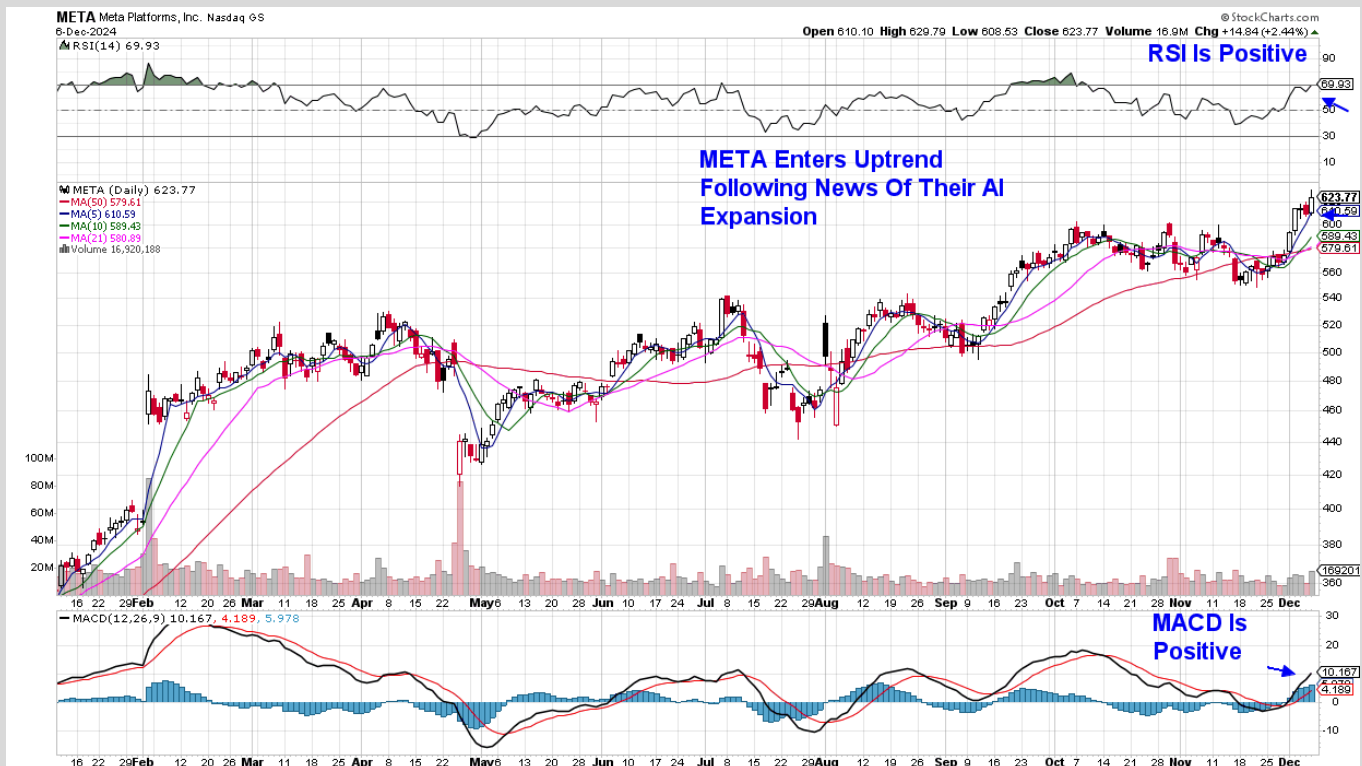
Recent economic indicators reinforce this optimistic outlook. The manufacturing and services sectors have experienced growth, and the labor market has shown resilience.

These positive fundamentals position the U.S. economy for continued growth. Lower interest rates and wage growth outpacing inflation are expected to further bolster consumer spending in 2025.

Next week, important inflation data will be released with the Consumer and Producer Price Index due on Wednesday and Thursday respectively. In addition, key earnings reports are due with Costco (**COST**), Broadcom (**AVGO**) and Toll Brothers (**TOL**) on deck.

## New Idea Charts:

Daily Chart of Meta Platforms, Inc. (META)



# 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	25%	
SHAK	Shake Shack	\$110.02	10/6/2024	25.50%	
TOL	Toll Brothers	\$139.50	7/27/2024	15.5%	
WMT	Walmart	\$72.90	8/15/2024	27.5%	
FINANCIAL					
AFRM	Affirm Holdings	\$56.10	11/17/2024	26.0%	
BAC	Bank of America	\$46.80	11/17/2024	0.5%	
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	122.0%	
GVA	Granite Construction	\$76.37	9/15/2024	26.5%	
VRT	Vertiv Holdings	\$140.10	11/24/2024	-3.5%	
HEALTHCARE					
BSX	Boston Scientific	\$81.80	9/2/2024	11.0%	
ISRG	Intuitive Surgical	\$598.80	10/20/2024	31.0%	
TECHNOLOGY					
FICO	Fair Isaac	\$2,024.90	10/9/2024	21.0%	
FTNT	Fortinet	\$82.80	10/13/2024	17.5%	
NVDA	Nvidia	\$123.50	9/25/2024	15.5%	
PLTR	Palantir	\$32.10	8/18/2024	99.0%	
Q TWO	Q2 Holdings	\$79.00	9/22/2024	33.5%	
TSM	Taiwan Semi	\$200.70	12/4/2024		
COMMUNICATION SERVICES					
NFLX	Netflix	\$701.40	9/2/2024	29.0%	
META	Meta Platforms	\$623.80			

## 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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