



# THE MEM EDGE

Midweek Report

Wednesday, January 8, 2025

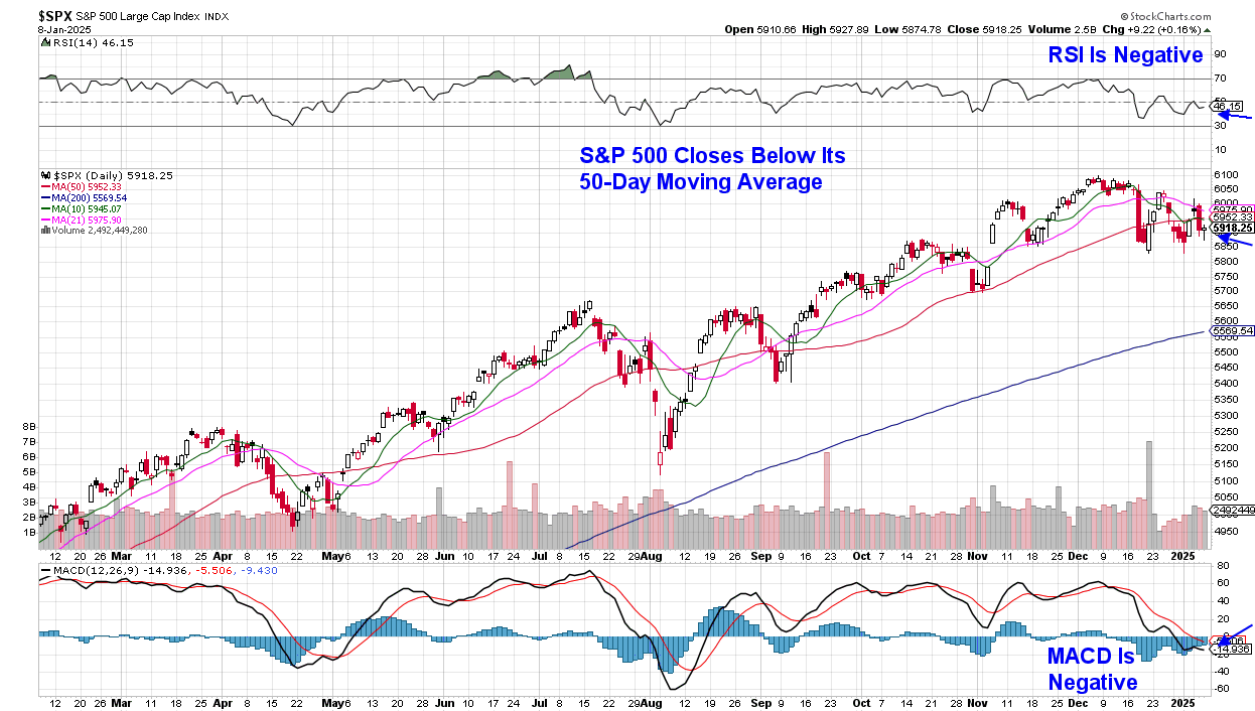
## Economic Data and Market Developments This Week:

- Riskier Stocks Falter Today - Quantum Computing, Nuclear Power and Crypto Among them
- Most Fed Officials Worried About Inflation but Not Enough To Raise Rates
- ADP Data Shows Private Employment Data Is Steady

## Upcoming Data This Week

- U.S. Employment Data for January Reports On Friday

## DAILY CHART OF S&P 500 INDEX



The S&P 500 has lost 0.4%, amid a rising interest rate environment due to a surprise increase in the number of job openings. The news indicated economic strength that could keep the Fed from cutting rates further.

The decline in the S&P 500 puts this Index further below its 50-day moving average with the RSI and MACD slipping further into negative territory. This further weakens our near-term outlook for the markets.



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The longer-term weekly chart remains constructive which keeps the long-term outlook positive.

The Nasdaq fell further, with a 0.7% decline that was led by a drop in heavyweights Nvidia (NVDA) and Tesla (TSLA). Software stocks continued to sell off this week as well amid a rise in interest rates.

With the yield on the 10-year Treasury at 4.7%, we expect select Growth areas to continue to come under pressure. Friday's employment data will be another piece of key information as sentiment regarding the Fed's rate policy remains uncertain.

The Nasdaq has pulled back to its 50-day moving average; however, the RSI is negative on the daily chart. The longer-term weekly chart remains constructive.

Not all the news has been negative this week, with Medical Products stocks moving closer to a possible base breakout with a now positive RSI and a bullish MACD crossover. (using ETF IHI)

The positive price action was due to gains in heavyweight name Boston Scientific (**BSX**) from our List, which gained 5.8% following news of their acquisition of Bolt Medical. In turn, major Wall Street firms upgraded their outlook for **BSX**.

The stock is in a strong buy zone after today's gap up on above-average volume helped it post a base breakout at \$92.

Intuitive Surgical (**ISRG**) is also in a strong buy zone as the stock is forming the right side of a base with a positive RSI and MACD.

As noted earlier, riskier Tech names - particularly those in Software - are coming under selling pressure.

Among names on our List, Palantir (**PLTR**) was the hardest hit with a 14.5% decline on a Morgan Stanley downgrade due to valuation concerns.

The RSI is now negative for **PLTR** however, the stock has a positive MACD. A close back above its 10-day moving average in the \$76.5% range would put **PLTR** into a buy zone.

A close below its 50-day moving average with a negative MACD would have us negative on the near-term prospects for this stock.



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Q2 Holdings (**QTWO**) has pulled back almost 3%, with a close below its 50-day moving average and a now negative RSI and MACD. We are removing the stock from our Suggested Holdings List.

Fortinet (**FTNT**) has fallen 1.5% however, the stock has found support at its 50-day moving average with a positive RSI and MACD.

Semiconductor stocks have gained 0.5% amid a rally in beaten-down names such as Cirrus Logic (CRUS), KLA (KLAC), and ASML (ASML) to name just a few. The rally took place in these stocks following NVDA's CEO speech on Monday, where it was announced that Micron (MU) is providing new gaming chips.

Nvidia (**NVDA**) pulled back to its 50-day moving average however, its RSI and MACD are in positive territory. The stock can be held.

Taiwan Semi (**TSM**) has pulled back to its 10-day moving average in an orderly fashion. This would normally put the stock into a buy zone however, the reversion away from riskier growth stocks has us putting the stock as a hold.

Consumer Discretionary stocks are among the worst performing this week, amid a drop in Restaurant stocks such as Wingstop (WING), Wendys (WEN) and McDonalds (MCD) to name a few.

Shake Shack (**SHAK**) fared better with a 0.4% decline that has the stock finding support above its shorter-term moving averages with a positive RSI and MACD. A bullish MACD crossover on the daily chart would put **SHAK** into a buy zone.

Select areas of Retail are faring well however, with Ralph Lauren (**RL**) continuing to advance following Friday's positive update from management. The stock is in a strong buy zone after Monday's base breakout pushed the MACD into a bullish crossover.

Walmart (**WMT**) is firming up as the stock is trending slightly upward with the RSI now in positive territory with the MACD poised for a bullish crossover. A close above the 21-day moving average in the \$92.5 range would put **WMT** into a buy zone.

Amazon (**AMZN**) pulled back along with other Mega Cap Growth stocks and the stock can be held.



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Financial stocks have been mixed this week with high-flying names such as Affirm (**AFRM**) pulling back sharply amid a generally risk-off investing environment. We are removing the stock after today's close below its 50-day moving average with a now negative RSI and MACD.

Blue Owl (**OWL**) has closed just at its 50-day moving average and the stock can be held. A close above its 21-day moving average in the \$23.7 range would put the stock into a buy zone.

Meta Platforms (**META**) is in a buy zone with a close above its 21-day moving average coupled with a bullish MACD crossover. We would add lightly to positions given the markets mixed sentiment regarding interest rates.

Netflix (**NFLX**) continues to struggle with the stock pulling back closer to its 50-day moving average. For now, the stock can be held.

This week's price action has pushed volatility up to 18 which indicates uncertainty among investors. (using \$VIX).

We expect Friday's employment data to further impact volatility, particularly if it points to a strong economy.

Warmly,  
Mary Ellen McGonagle  
Editor, MEM Edge Report