



# THE MEM EDGE

Midweek Report

Thursday, July 28, 2022

- 2nd Quarter GDP Falls By 0.9% But Consumer Spending Remains Positive
- Treasury Secretary Yellen Echos Powell's Sentiment Of No Recession In Sight
- Solar Stocks Shine Following Senate Deal
- PCE Inflation Data, Consumer Spending & Sentiment Report Tomorrow
- Adding Apple (**AAPL**), Amazon (**AMZN**), Intuit (**INTU**) and Lam Research (**LRCX**) To The Suggested Holdings List

Greetings!

Today's broad based rally in the markets has provided us with more conviction regarding the current uptrend. Heavier volume in the Nasdaq over yesterday, puts this Tech-heavy Index in the strongest position.

Of note recently has been the sharp rallies taking place among stocks that report mixed 2nd quarter results or who provide lowered growth guidance into year end. This ability for investor's to support stocks despite tepid reports, is a bullish sign as it signals confidence in the markets.

Also being handsomely rewarded are companies that are reporting results that are ahead of estimates and are guiding growth estimates higher. This would include many stocks in Real Estate (XLRE) and Utilities (XLU) where REITs and Utility companies have been able to raise rates and keep growth in place.

Solar stocks such as Enphase (**ENPH**) from our List rallied today following news of the passage of the "Inflation Reduction Act of 2022" which has earmarked a record amount for clean energy provisions. **ENPH** is extended following its 25% gain over the past 2 days and we'd be a buyer on a pullback to the \$250 range.

Semiconductor stocks continued to gain despite Qualcomm's weak report yesterday with both O N Semi (**ON**) and Nvidia (**NVDA**) in confirmed uptrends and poised to trade higher. Of note, **ON** is due to report earnings on Monday.

Today's positive price action has us adding Lam Research (**LRCX**) to our Suggested Holdings List. The company reported earnings after the close yesterday that were 21%



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above estimates. The stock posted a bullish engulfing pattern today on heavy volume and the stock is in a strong buy zone.

Software stocks fared even better led by a rally in Microsoft (MSFT) which we intend to add to our List on any pullback. Today, we're adding Intuit (**INTU**) to our Suggested Holdings List following today's rally on volume which pushed the stock to a new near-term high in price.

Look for a pullback to the \$432 range as a buy point (its 5-day mav) for **INTU**.

Among stocks reporting earnings after hours today, Apple (**AAPL**) and Amazon (**AMZN**) are both trading higher after reporting strong results. AAPL reported record quarterly revenues despite inflation while AMZN reported revenues above estimates.

Both stocks are also being added to our List as they're in strong buy zones and poised to trade higher.

Tomorrow, additional inflation data will be released which may result in near-term volatility depending on the data however, overall the markets uptrend is in place.

We'll elaborate further on the markets as well as sector rotation that may be developing in our Sunday report.

Warmly,  
Mary Ellen McGonagle  
Editor, MEM Edge Report