



THE MEM EDGE

Midweek Report

Wednesday, August 17, 2022

- Industrial Production Rises Sharply In July
- Retail Sales Flat In July; Ex Gas Shows Growth
- Earnings Reports Boost Retailers
- Fed Meeting Notes Point To Less Aggressive Fed
- Weekly Jobless Claims & Leading Indicators Report Thursday/Friday

Greetings!

The S&P 500 is flat for the week after pulling back from a rally up to its 200-day moving average. With its RSI and Stochastics in positive territory, the near-term uptrend remains in place.

A move above this 200-day moving average - particularly on volume - would provide further conviction for the current uptrend.

The Nasdaq pulled back almost 1% led by declines in Semiconductor, Software and Biotech stocks. The move puts this Index at its 10-day moving average where it remains in an uptrend.

It's been mostly a risk-off environment this week as investors digest mixed earnings reports from major Retailers as well as notes from the Fed's most recent meeting and Retail Sales data.

Defensive areas of the market such as Consumer Staples and Utilities are outperforming while riskier Small Caps and select Technology stocks are pulling back.

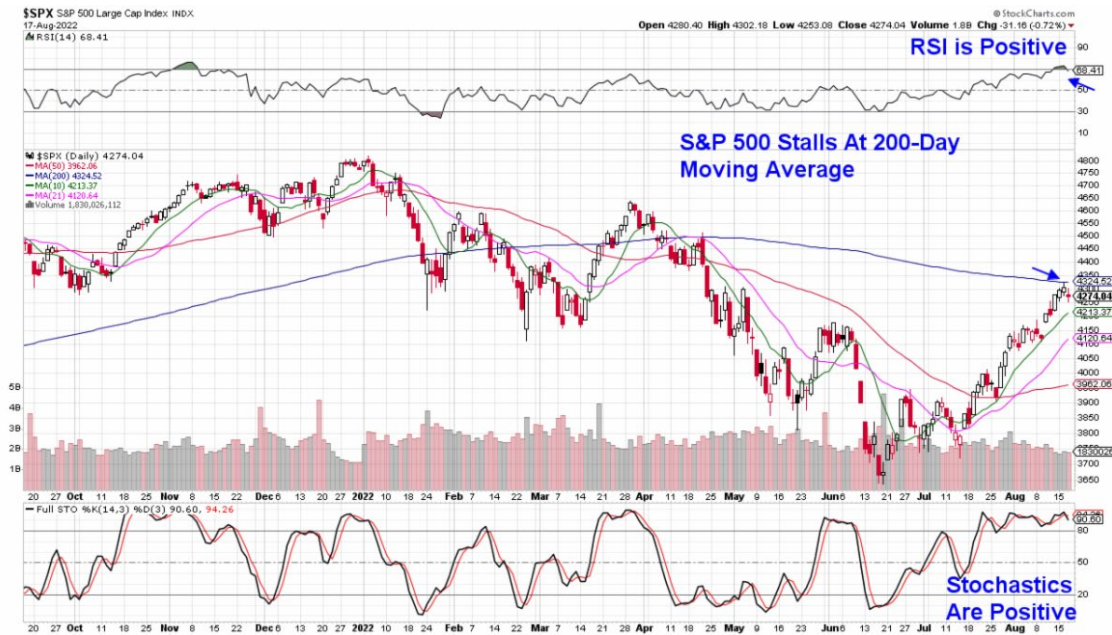
For the most part, Growth stocks are taking a break so far this week following sharp double digit gains over the past six weeks.



THE MEM EDGE

Midweek Report

DAILY CHART OF S&P 500 INDEX



The Technology sector is down only slightly this week as heavyweight stock Apple (**AAPL**) has gained 1.4% as it moves closer to a possible \$181 base breakout.

As noted in our Sunday report, the company is seeing continued sales growth of their iPhone 14. Today's upgrade from 2 major Wall Street firms is also giving the stock a boost which now has a \$220 price target. AAPL can be bought at its 5-day mav - currently at \$172.

Semiconductor stocks were holding in well before a sharp pullback in Analog Devices (ADI) today that occurred following comments from management that orders have been moderated slightly. The news pushed most other stocks in the group down as well. (using SOXX)

The group regained its 21-day moving average into the close today which is positive price action.

Each of the Semiconductor stocks on our List exhibited similarly positive price action as buyers came in on the dip in price today. Nvidia (**NVDA**) held in the best with a 2% decline ahead of the release of their earnings next Wednesday.



THE MEM EDGE

Midweek Report

A rally back above their 5-day mav would put NVDA, Lam Research (**LRCX**) and O N Semi (**ON**) into a strong buy zone.

Software stocks are also pulling back this week and among names on our List, Paycom (**PAYC**) continues to exhibit relative strength with a nominal pullback to its 5-day moving average. A bit further of a pullback to the \$380 range would be ideal as a buy point.

Intuit (**INTU**) is struggling to to push above its 200-day moving average despite analyst upgrades ahead of their earnings next Tuesday. A pullback to its 10-day moving average - where **INTU** is now - has been an ideal buy point.

Stem, Inc. (**STEM**) is in a buy zone after closing today back above its 10-day moving average.

Solar related stocks overall are pulling back after experiencing sharp gains of late. Enphase (**ENPH**) remains in a consolidation phase while buyers came in on a pullback in Sunpower (**SPWR**) which is constructive. Both stocks are in a buy zone.

Among Biotechs, ETF IBB has dipped beneath its 200-day moving average which puts it out of a buy zone. A move back above this and its 10-day moving average would but the ETF back into a buy zone. Vertex (**VRTX**) is in a strong buy zone following its slight pullback.

Among the Retailers on our List, Amazon (**AMZN**) is struggling to break above its 200-day moving average and a move above this level would put it into a strong buy zone. Chipotle (**CMG**) remains in a confirmed uptrend and can be bought in the \$1682 range - at its 5-day moving average.

Today's Fed meeting notes highlighted the Fed's determination to raise interest rates as needed to curb the currently high inflation rate. However, comments pointed to their willingness to lighten up at any hint of a slowdown.

Investors appeared generally calmed by the news, with the markets rallying after the release of the notes. At this time, the uptrend in the broader markets remains in place with Growth stocks taking a breather after their recently sharp gains.

Warmly,
Mary Ellen McGonagle
Editor, MEM Edge Report