



# THE MEM EDGE

*Midweek Report*

Tuesday, August 30, 2022

- S&P 500 Breaks Below Key Support
- Job Openings Increase and Consumer Confidence Rises
- N.Y. Fed President Suggests 3.5% Fed Funds Rate Well Into 2023
- ADP Employment Figures Tomorrow, Weekly Jobless Claims Thursday & August Unemployment Data On Friday

Greetings,

The S&P 500 has lost 1.8% over the past two days in a move that has this Index closing below its 50-day moving average today.

Today's close below this key level is negative for the markets and points to further downside. The July low of 3721 is now the next area of possible support, which is 6.6% away.

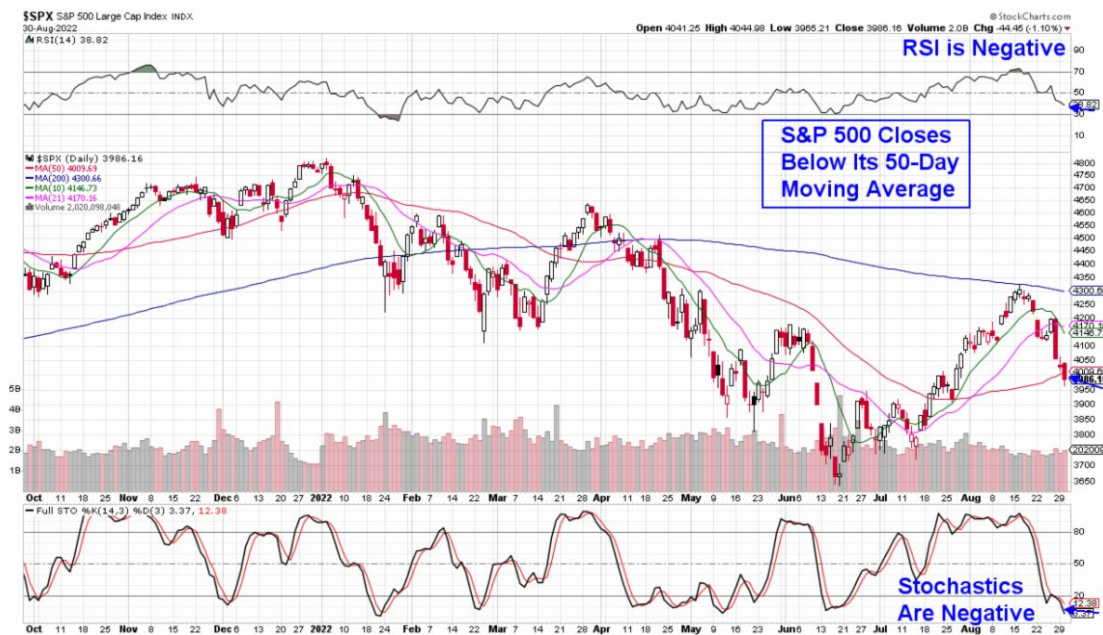
The Nasdaq is down 2.2% so far this week and this Index is now below its key 50-day moving average as well, which means it's also in a downtrend with its July low being the next area of possible support.



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## DAILY CHART OF S&P 500 INDEX



Yesterday's pullback in the markets was a continuation selloff from Friday after Fed Chair Powell's firm remarks regarding fighting inflation however, today's decline was centered around strong July job openings data.

While the Federal Reserve is determined to bring inflation down, they're most concerned with cooling off a hot jobs market at this time. Today's report highlighted a strong demand for labor which will keep the Fed on an aggressive path as they raise interest rates.

Also hurting the markets today were remarks from Fed officials that they anticipate interest rates to remain relatively elevated into next year as it will take time to tame inflation.

Hardest hit this week have been Growth stocks, with the Semiconductor and Software groups now below their 50-day moving averages (using SOXX & IGV) and poised to trade lower.

Each of the names on our Suggested Holdings List are outperforming the markets as they're down less than the markets and holding above support. The exception



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is Sunpower (**SPWR**) which pulled back today on above average volume however, the stock remains above support.

As noted in earlier reports, we're on the lookout for a negative RSI signal on SPWR's daily chart as a sell signal. The MACD has already experienced a negative crossover.

As for the other stocks on our Suggested Holdings List, at least partial profit taking would be prudent at this time.

We'll elaborate further on the markets as well as names on our List in tomorrow's Midweek Report.

Warmly,  
Mary Ellen McGonagle  
Editor, MEM Edge Report