



# THE MEM EDGE

Midweek Report

Wednesday, September 21, 2022

- Federal Reserve Raises Rates By .75% And Targets 4.6% As Peak
- U.S. Dollar Jumps To New Near-Term High On Fed Hike News
- Volatility Climbs Amid Investor Uncertainty
- Jobless Claims, Leading Indicators & Manufacturing PMI Report Thursday and Friday

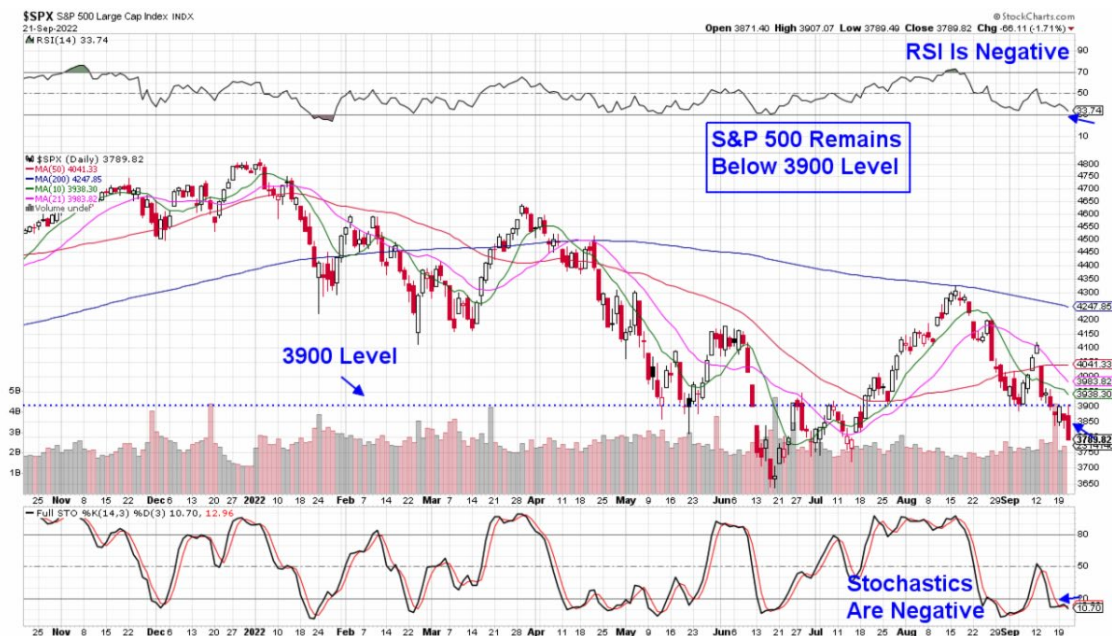
Greetings!

The S&P 500 is down 1.9% for the week in a move that keeps this Index within 2% of its mid-July low which is the next area of possible support. With the RSI and Stochastics in negative territory, the markets remain in a downtrend.

A further decline in the S&P 500 below the mid-July level of 3721, would have us looking at the next area of possible support which is the mid-June low.

The Nasdaq has declined 2% this week, which pushes this Index within 5.8% of its mid-June low which is the only possible area of near-term support for this Index.

## DAILY CHART OF S&P 500 INDEX





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The markets traded nervously going into today's Federal Reserve announcement with news of a 0.75% increase in rates originally pushing the markets higher before ending the day with a sharp selloff.

Hardest hit this week have been Internet Related stocks as well as Biotech and Medical Products as these higher growth, riskier areas suffered. Surprisingly, Semiconductor and Software stocks are down less than the markets however, both areas remain in a downtrend.

At this time, the potential move into Bank stocks remains intact with the group trading flat for the week. (using KRE) However, Powell's harsh words regarding a possible recession may stall a rotation into this area due to the prospects of reduced lending activity. We'll continue to monitor this closely.

Renewable Energy stocks are flat for the week. As you may recall, we posted the group chart in Sunday's report and highlighted the signals that occurred prior to a downturn. At this time, we're appear poised for further sideways price action near-term.

Enphase (**ENPH**) has pulled back to its 21-day moving average which has historically been an ideal buy point. A move back above the 10-day would be bullish for **ENPH** however, we'd keep any new positions small given the condition of the broader markets.

Chipotle (**CMG**) pulled back today in a move that has the RSI poised to turn negative on its daily chart. A break below its 21-day moving average coupled with a negative RSI, would have us considering its removal from the Suggested Holdings List.

Tesla (**TSLA**) pulled back with the markets today and is down 0.5% for the week. The stock is dipped just below its 10-day moving average and can be held.

It was a lot for investors to digest today, with Fed Chair Powell predicting that the economy will grow at a 0.2% annual pace this year and a lackluster 1.2% next year. In addition, Fed officials are predicting that the jobless rate will rise to 4.4% in 2023 and 2024.

The one ray of light in today's comments from Powell was the goal of an end rate for the Fed Funds of 4.4% at the end of this year and 4.6% next year. This is in line with comments from the Summary portion of Sunday's report where the CME



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FedWatch Tool was anticipating an end rate of 4.5% with the last rate hike occurring in March 2023.

Given that the markets sold off sharply despite today's announcement being in line with what was widely anticipated, investor's anxiety surrounding Powell's dire economic forecast appears to be taking center stage.

At this time, we remain negative on the prospects for the markets and will keep you apprised of any possible shift in sentiment.

Warmly,  
Mary Ellen McGonagle  
Editor, MEM Edge Report