



Thursday November 10, 2022

- Core CPI Data For October Is Lower Than Expected
- Stocks Post Largest Rally Day Since 2020
- Bond Yields Drop Sharply
- Markets Experience Follow-Through Day Today
- Removing Teekay Tankers (TNK) from our Suggested Holdings List

The S&P 500 gained 5.5% today in a move that pushed this Index back above each of its shorter-term moving averages. Both the RSI and Stochastics are in positive territory as well on the daily chart which puts the S&P 500 into a near-term uptrend.

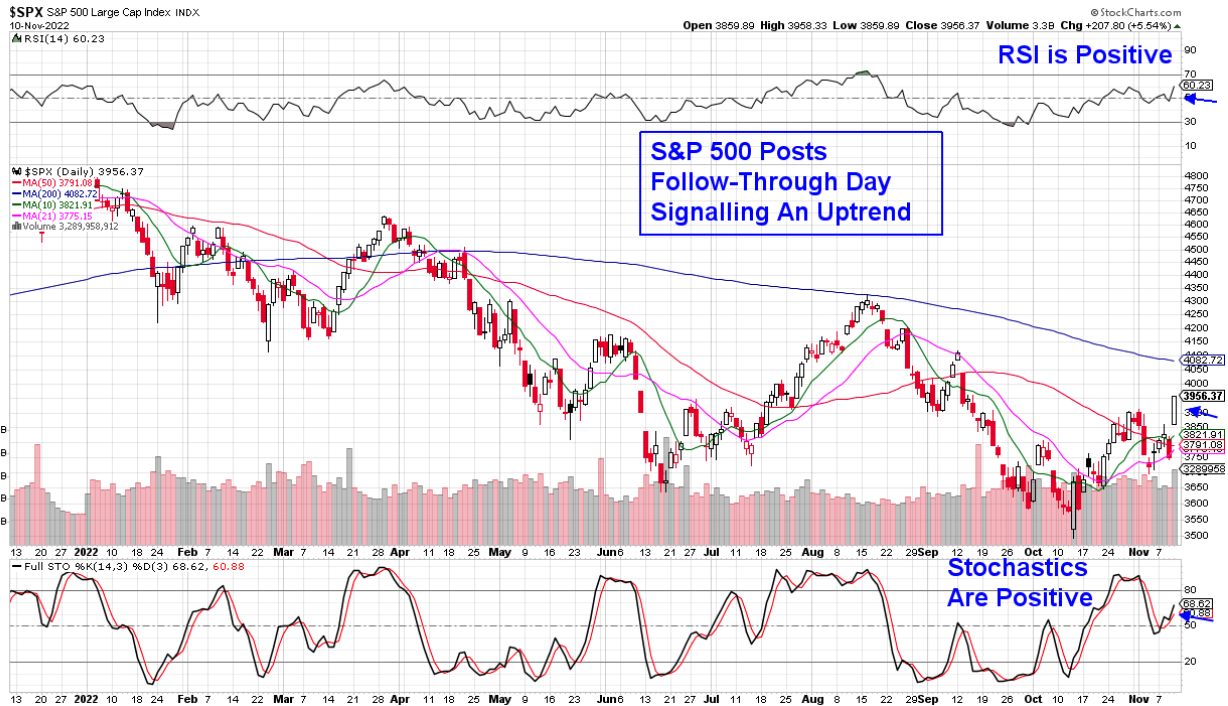
The next area of possible upside resistance is the 200-day moving average which is 3.1% away. As for support on any pullback, the 10-day moving average is the first area and it's 3.5% below today's closing price.

The Nasdaq fared even better with a 7.4% rally that has pushed this Index back above its 50-day moving average and into an uptrend. While the RSI is in positive territory, the Stochastics are heading upward but not quite above 50. The Nasdaq is in an uptrend as well.



# THE MEM EDGE

Midweek Report



Today's sharp increase in the markets occurred after the Consumer Price Index (CPI) data for October showed that inflation is easing, with core CPI coming in at 6.3% instead of the anticipated 6.5% rate.

The news pushed bond yields lower and stocks higher as investors are now on the lookout for a moderation of interest rate increases by the Federal Reserve in 2023.

Today's price action in the markets qualifies as a follow-through day as the percent increase was above 1.4% on volume that was above yesterday's volume.



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Midweek Report

As stated in the past, a sign of reduced inflation would be the needed first step in reversing the bear market and today's news coupled with the follow-through day is certainly constructive. The Technology and Consumer Discretionary sectors were among the top performing as these beaten down areas of Growth posed an average of 8% for the day. The Rally pushed Technology into an uptrend with a close above its 50-day moving average coupled with positive momentum indicators.

Within Technology, both Semiconductor and Software stocks outperformed with gains that put them into an uptrend after closing above key support at its 50-day moving average on heavy volume.

Today, we're adding O N Semiconductor (**ON**) to our Suggested Holdings List after today's rally pushed the MACD into positive territory while the RSI was already positive. We'd be a buyer on any pullback to the \$69 range as **ON** is overbought on its intraday chart.

A S M L (ASML) and Lam Research (LRCX) are also set up to trade higher after both stocks closed above their 200-day moving average on above average volume today. In addition, both companies reported strong 3rd quarter results that were above estimates.

ASML and LRCX both experienced rallies today that have them in an overbought position on their intraday-1 hour charts and we are waiting for a pullback before adding them to our Suggested Holdings List.



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Midweek Report

Biotech ETF (**IBB**) from our List is approaching a 3-month base breakout at \$135 following today's rally. We'd be a buyer on a pullback to the \$130 range as today's volume points to further near-term upside.

Energy stocks were subdued today with Teekay (TNK) pulling back in a move that puts its RSI into negative territory. We're removing the stock from our Suggested Holdings List.

Exxon (XOM), EOG Resources (EOG), Schlumberger (SLB) and Haliburton (HAL) are each finding support at their 10-day moving averages and can be held.

Real Estate Stocks were among the top performers today as well, as lower interest rates are a positive for this group. (XLRE). Today's gain pushed the group above its 50-day moving average on volume.

Today we're adding Sun Communities (**SUI**) to our Suggested Holdings List as the housing REIT reversed its downtrend on volume which puts the MACD into positive territory on its daily chart. The stock is in a buy zone.

Tomorrow, the bond markets will be closed due to Veteran's Holiday in the U.S. which means that interest rate fluctuations will not be in play.



# THE MEM EDGE

*Midweek Report*

Consumer Sentiment will be reported tomorrow and depending on the results, we may see a continuation rally in the Consumer Discretionary sector which would help move this area closer to turning positive.

We will provide further insights into the markets while adding additional stocks to our Suggested Holdings List over the weekend.

Warmly,  
Mary Ellen McGonagle  
Editor, MEM Edge Report