



Wednesday, November 30, 2022

- Fed Chair Powell Confirms Possible Slowdown In Large Rate Hikes
- Consumer Confidence Falls Due To Inflation While Private Job Growth Slows
- U.S. GDP Shows Economy Is Still Growing While Chicago Factory Activity Contracts Further
- Weekly Jobless Claims & November Unemployment Report Due
- Removing Netapp (NTAP) From Suggested Holdings List and Adding Harmony Biosciences (HRMY) and Lululemon Athletica (LULU)

The S&P 500 has gained 1.3% for the week in a move that has this Index closing today above its key 200-day moving average. With the RSI and Stochastics in positive territory, we remain bullish on the markets.

The move above the 200-day moving average is quite constructive for the near-term prospects of the markets and this moving average is now the first area of near-term support should we experience a pullback.

The Nasdaq has fared even better with a 2.2% gain that was helped by a sharp rally in each of the FAANMG stocks which are



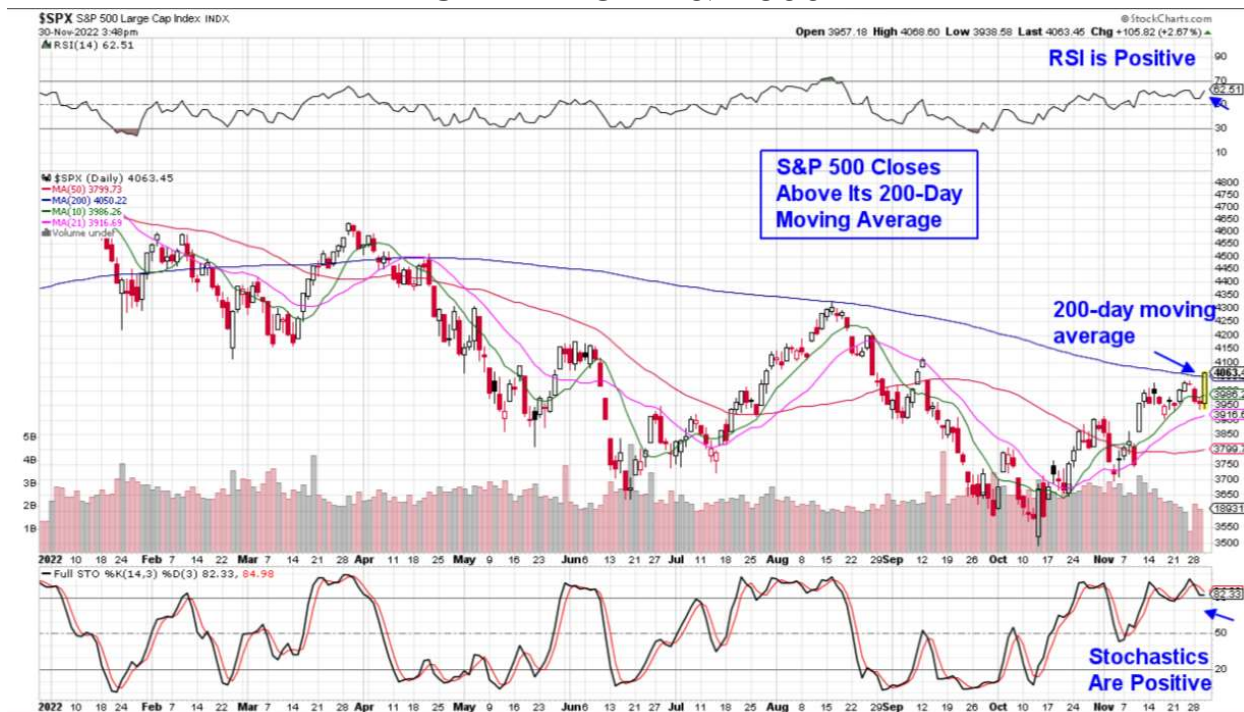
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Midweek Report

outperforming the markets this week. Semiconductor, Software and Biotechs are also faring well.

The most impactful news this week was Fed Chair Powell's comments today that reiterated the Federal Reserve's inclination to lower the percent of their rate hikes at their FOMC meetings. As you may recall, this same position was revealed last Wednesday when notes from the most recent FOMC meeting were released.

DAILY CHART OF S&P 500 INDEX





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The biggest movers this week have been Growth stocks driven by a sharp rally today on Powell's comments which in turn, pushed interest rates lower. The broadening out into Growth is constructive as it bodes well for a continuation rally for the markets.

That said, we have some highly impactful news due over the next 2 days with tomorrow's core PCE data - due before the open - being the most important, as it's an inflation gauge that's closely watched by the Federal Reserve.

Should we see a report that's lower than the anticipated 0.3% increase month over month or an average 5% year over year number, I anticipate today's rally to continue with a move into beaten down Growth areas such as Technology and Discretionary being the strongest areas.

Of the names from our List that are most bullishly set up to participate in any rally, Semiconductor stock ASML (ASML) had a bullish break back above its 10-day moving average on heavy volume which puts the stock into a strong buy zone. ON Semi (ON) had a similarly positive move and using the November 10th rally as precedence (date of the follow through day), we could see further upside over the near term in this stock as well.

Microsoft (**MSFT**) gained 6% today in line with gains in other FAANMG stocks. Putting money into these stocks can often be the quickest way for investors to participate in a possible move back into Growth stocks. **MSFT** is poised for further near-term upside.



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Netapp Inc.. (**NTAP**) is being removed from our Suggested Holdings List after break below its 50-day moving average that followed management's lowered growth guidance today during their quarterly earnings call. The stock closed the day in the upper portion of its trading range and we anticipate further near-term upside. We'd be a seller into any rally.

Solar stocks are flat for the week with Enphase (**ENPH**) on the cusp of a move above its nearterm high of \$325. This would put the stock into a strong buy zone.

Healthcare stocks traded in line with the markets however, Biotechs outperformed with a 2% rally that puts the ETF IBB on the cusp of a 2-week base breakout at \$137.

Recently added Biomarin Pharma (**BRMN**) remains in a confirmed uptrend with a pullback closer to its 5-day moving average (currently at \$99) being an ideal buy point.

Amgen (**AMGN**) bullishly broke back above its 10-day moving average on heavy volume today and is now in a strong buy zone with Gilead (**GILD**) poised to trade higher as well as it finds support at its upward trending 5-day moving average.

Astrazeneca (**AZN**) has rallied 3% for the week with a move today that puts the stock in an extended position with a pullback into the \$67 range being an ideal buy point.

Elsewhere on our List, **EOG** Resources has traded back above its 10-day moving average in a positive move that's occurred despite underperformance in the group. A meeting of the Oil Producing



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Countries later this week to review mandates on oil prices may impact this and other Energy stocks however.

This week, we're adding Harmony (**HRMY**) to our Suggested Holdings List as the Biotech company is forming the right side of a base after reporting strong quarterly earnings earlier this month. The MACD on the daily chart is poised to experience a positive crossover on the daily chart which would confirm a move into a new uptrend. HRMY is in a strong buy zone.

Among Retailers, Walmart (**WMT**) is in a strong buy zone after pulling back to its 10-day moving average while Home Depot (**HD**) is in a similarly bullish position after closing today above its 10-day moving average.

Today, we're adding Lululemon Athletica (**LULU**) to our Suggested Holdings List after today's 2-week base breakout on volume. Analysts have been raising earnings estimates for the company ahead of the release of their earnings early next month. The stock can be bought on a pullback to the base breakout range of \$372.

Today's notes from Fed Chair Powell's speech helped further remove uncertainty surrounding the Fed's near-term stance on reducing the size of their interest rate hikes. The removal of uncertainty is bullish for the markets.

However, investors remain on edge regarding the length of time rates will be driven higher as well as the ultimate interest rate percent goal. Economic data over the next two days may help



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provide further confidence as will next week's report of the Producer Price Index (PPI) data.

Until then, we would participate in this current uptrend with an eye toward continued volatility.

Warmly,
Mary Ellen McGonagle
Editor, MEM Edge Report