



# THE MEM EDGE

Midweek Report

Tuesday Alert August 15, 2023

- Bank Stocks Under Pressure Following Fed Official Comments
- China Reports Industrial Production and Retail Sales Below Expectations
- Global Recovery Fears Pushing Energy Stocks Lower
- U.S. Retail Sales Come In Above Estimates For July
- Interest Rates Rise In Response
- Removing ZION and MS From Suggested Holdings List

## DAILY CHART OF S&P 500



The S&P 500 has closed today below its key 50-day moving average after a 0.6% decline for the week so far that has the RSI



# THE MEM EDGE

*Midweek Report*

and Stochastics remaining in negative territory. Our near term stance for this Index has turned negative.

The weekly chart is also showing a change in character with the S&P 500 closing below its 10-week line. The RSI and Stochastics remain in positive territory however, they are trending lower. This has us cautious for our intermediate term outlook.

The Nasdaq is posting a slight 0.1% gain so far this week after a Monday rally in mega-Cap Growth names as well as Semiconductors, provided a boost that had this Index posting a 1.1% gain for the day.

The Nasdaq continues to trade below its 50-day moving average with a negative RSI and Stochastics. We remain negative on the near term prospects for the Nasdaq with this week's price action having us cautious on the intermediate term outlook.

Today's pullback in the markets is taking place amid concerns over the global state of the economy after China reported weak economic data. Energy stocks are being the most negatively impacted due to a concern over a lack of demand for Oil from China amid a possible economic downturn.

Bank stocks are also coming under selling pressure following comments from Fed President Kashkari today where he hinted at the possibility of higher capital requirements from Banks to offset potential liquidity problems down the road.

Interest rates are also on the rise today following news of U.S. Retails Sales numbers that came in higher than expected for July. The yield on the 10-year Treasury is now at 4.2%.



# THE MEM EDGE

*Midweek Report*

Today, we're removing both Zions Bancorp (ZION) and Morgan Stanley (MS) from our Suggested Holdings List in anticipation of further near term weakness in this group.

Among the Energy stocks on our List both EOG Resources (EOG) and Morgan Stanley (MS) are finding support at their shorter term moving averages which is constructive. Today's selling in the Energy sector was on above average volume however and we'll continue to monitor these names.

Weakness in Energy and Financials spread to other areas with Basic Materials, Utility and select Consumer Discretionary areas falling more than the markets. In response, the Equal-Weighted S&P 500 fell below its 50-day moving average rather decisively today which is not great news for the broader markets.

In tomorrow's Midweek Report, I'll elaborate further on developments within the markets as well as names on our Suggested Holdings List.

Warmly,  
Mary Ellen McGonagle  
Editor, MEM Edge Report