



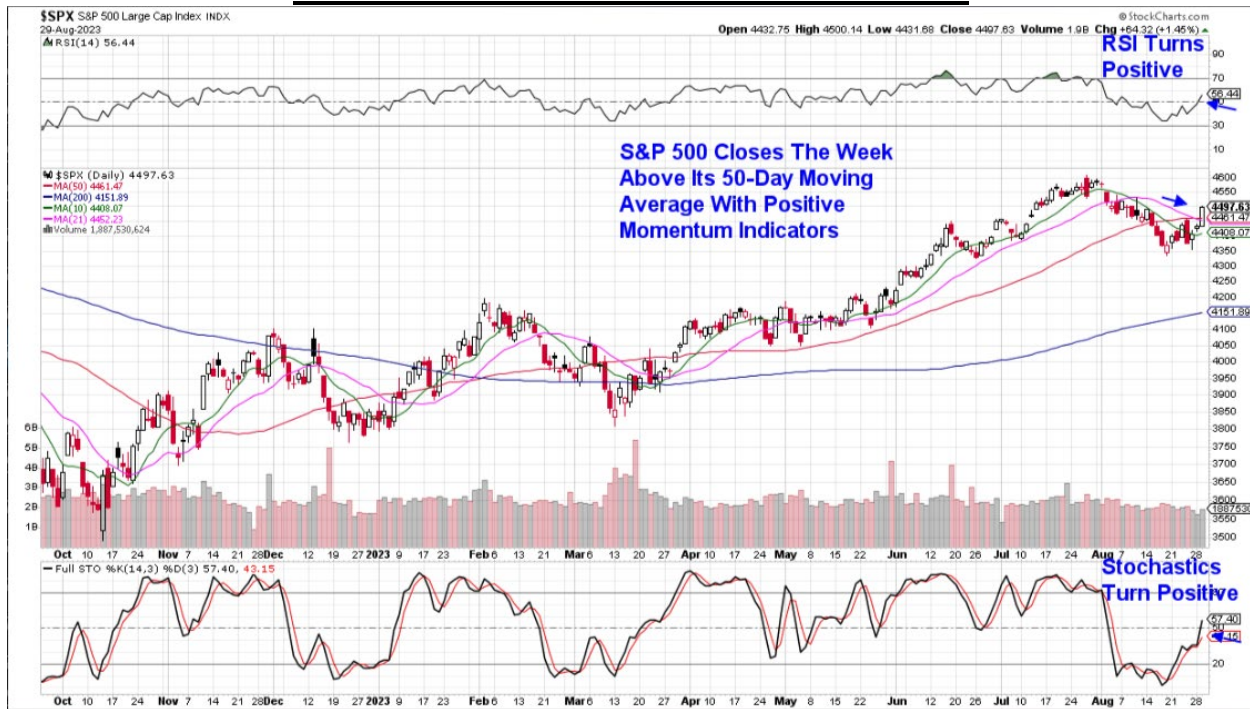
THE MEM EDGE

Midweek Report

Tuesday, August 29, 2023

- Job Openings Fall To 28-Month Low As U.S. Labor Market Cools Off
- Consumer Confidence Cools Off Markedly In August
- ADP Private Employment Data Due Tomorrow & Q2 GDP Revision
- July PCE Data & Weekly Employment Data Due Thursday
- August Employment Data Due Friday

DAILY CHART OF S&P 500 INDEX



The S&P 500 posted a rally today that has this Index closing above its 50-day moving average with the RSI and Stochastics now in positive territory.



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This price action has us positive on the near term prospects for the markets however, it's notable that we have key market moving data due over the remainder of this week. New purchases should be initiated realizing that volatility may ensue.

The Nasdaq is in a similarly bullish position after today's rally pushed this Index above its key 50-day moving average while the RSI and Stochastics remain in positive territory.

Today's gains took place on the heels of news that job openings in July cooled off while the number of people quitting jobs declined. Both reports are viewed as signs that recession fears are emerging which in turn, lowered interest rates as fears of a rate hike receded.

As noted in our Sunday report, investor's outlook regarding possible rate hikes from the Federal Reserve is currently the primary driver of price action - particularly among Growth stocks. Also mentioned was the fact that volatility in the markets will remain, as each economic data point is weighed for its potential impact on the Fed's rate decision in 3 weeks.

Mega-cap FAANMG stocks have emerged as some of the biggest gainers this week with most names outperforming the markets. Purchasing these names is the fastest way to gain exposure to Growth stocks when interest rates decline.

Alphabet (**GOOGL**) has posted a bullish MACD crossover on today's high volume rally which pushed the stock out of a 1-month base breakout at \$134. The stock is in a buy zone.



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Semiconductor stocks are also outperforming the markets with leadership stock Nvidia (**NVDA**) gaining 6.5% for the week in a move that keeps its uptrend firmly in place. The stock can be bought on any pullback to the \$474 range.

Broadcom (**AVGO**) - who's due to report earnings on Thursday after the market's close - regained its uptrend after closing today back above its 50-day moving average while also posting a bullish MACD crossover. While the stock is in a positive position from which to trade higher, our work has shown that it's risky to purchase directly before the release of an earnings report.

Lam Research (**LRCX**) is in a bullish position as well with today's close above each of its moving averages with the MACD on the cusp of posting a bullish crossover.

The Semiconductor group has regained its 50-day moving average with the RSI now in positive territory. This puts the group into an uptrend. (using SOXX)

Software stocks are in a similarly bullish position with today's rally putting the group back above its 50-day moving average and the RSI moving further into positive territory.

ServiceNow (**NOW**) is in a position to trade higher with a close above its 50-day moving average and the RSI in positive territory. A pullback to the \$348 range would be an ideal buy point.

Adobe (**ADBE**) is in an even more bullish position above its key moving averages with both the MACD and RSI in positive territory. The stock can be bought on a pullback to the 5-day moving range at \$528.



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Outside of Technology, Caterpillar (**CAT**) is another stock from our List that's in a very bullish position from which to trade higher after today's close above its 21-day moving average.

Tomorrow, ADP's data regarding employment activity within the private sector will be released. This has historically been a market moving event and any strength in the numbers may negate today's positive investor sentiment surrounding interest rates.

We'll review this as well as other stocks on our List in tomorrow's MidWeek Report.

Warmly,
Mary Ellen McGonagle
Editor, MEM Edge Report