



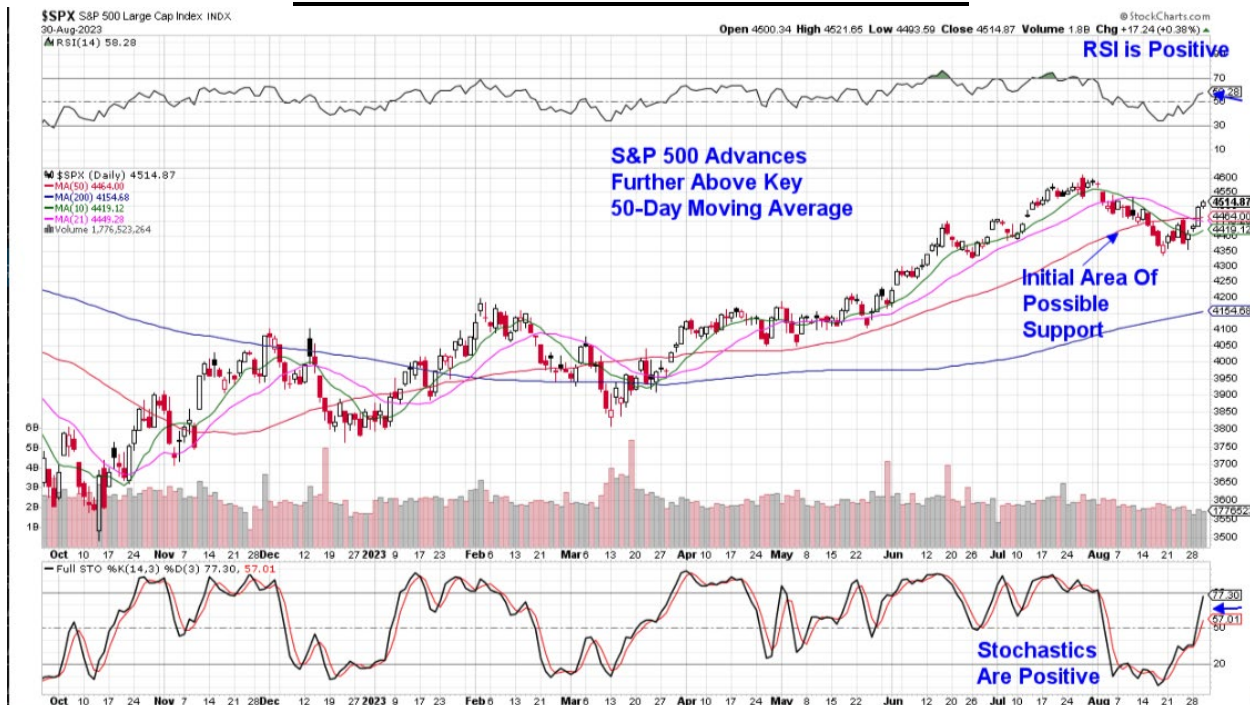
# THE MEM EDGE

Midweek Report

Wednesday, August 30, 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 Show Hiring Is Cooling
- Q2 GDP Revised Lower But Remains Relatively Strong
- July PCE Data & Weekly Employment Data Due Thursday
- August Employment Data Due Friday
- Adding ON Semiconductor, (ON) and Uber Technologies (UBER) To Suggested Holdings List

## DAILY CHART OF S&P 500 INDEX



The S&P 500 rallied further today in a move that has this Index closing further above its 50-day moving average with the RSI and



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Stochastics in positive territory. This price action has us positive on the near term prospects for the markets.

Of note however, is that key market-moving data will be released both tomorrow and Friday with Core Consumer Price Expenditures (CPE) and August employment data due to be released. Both numbers are heavily relied upon by the Federal Reserve in shaping their monetary policy.

Today, lower than expected 2nd quarter GDP data as well as weaker than expected ADP employment data helped the markets post gains for the day however, gains were muted ahead of the release of data over the next two days.

The Nasdaq also added to its gains for the week and is in a similarly bullish position after yesterday's rally pushed this Index above its key 50-day moving average with the RSI and Stochastics remaining in positive territory.

Currently, the primary driver of price action in the markets is investor's outlook regarding possible rate hikes from the Federal Reserve. This week, interest rates have been declining which has been helping the markets trade higher.

Most positively impacted have been Growth stocks such as Technology and Internet Related names led by most of the FAANMG stocks.

Semiconductor and Software stocks are also outperforming, with rallies that have pushed both groups into an uptrend. (using SOXX and IGV respectively) Please see yesterday's Tuesday Alert Report.



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Today, the daily chart of Software shows the MACD moving into positive territory where it joined an already positive RSI. Among names on our List, ServiceNow (**NOW**) is in a position to trade higher after yesterday's close above its 50-day moving average and the MACD joining the RSI in positive territory.

Adobe (**ADBE**) is in an even more bullish position above its key moving averages with both the MACD and RSI in positive territory. The MACD posted a bullish crossover today. (black line up through the red). The stock is very close to a 1-month base breakout at \$553.

Today, we're adding Software stock Uber Technologies (**UBER**) back to our Suggested Holdings List after today's close above its 50-day moving average on relatively high volume. The MACD posted a bullish crossover and moved into positive territory today, where it joined an already positive RSI. The stock is in a buy zone.

We anticipate Software stocks will continue to trade higher after Salesforce (**CRM**) reported strong quarterly results after the market's close today and is rallying in a move that will put the stock back above its 50-day moving average if it is sustained.

Among the Semiconductor stocks on our List, leadership name Nvidia (**NVDA**) has gained 7% for the week in a move that keeps its uptrend firmly in place. The stock can be bought on any pullback to the \$477 range.

Broadcom (**AVGO**) - who's due to report earnings tomorrow after the market's close - has regained its uptrend after closing back



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above its 50-day moving average yesterday while also posting a bullish MACD crossover. Today, the MACD moved into positive territory.

While **AVGO** is in a positive position from which to trade higher, precedence has proven 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 yesterday's close above each of its moving averages. Today, the MACD posted a bullish crossover which increases our bullish bias.

The Semiconductor group moved a bit higher above its 50-day moving average with the RSI now in positive territory. This keeps the group in an uptrend. (using SOXX).

Today, we're adding **ON** Semiconductor to our Suggested Holdings List after a close above both its 21 and 50-day moving averages puts the stock in a position to trade higher. The RSI is in positive territory while the MACD has posted a bullish crossover.

**ON** manufactures semiconductor products for the EV as well as industrial automation industries and analysts are revising their estimates for earnings going into the 4th quarter. The stock is in a buy zone.

Crude oil prices are on the rise today due to a report from the U.S. Energy Information Administration of a rather large decline in inventory over the past week.





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Not all Energy stocks are responding however with the Energy sector underperforming for the week while remaining in an uptrend. This is due to continued concerns surrounding an economic slowdown in China.

Select names from our List are outperforming however, with SLB (**SLB**) gaining 4.5% this week amid analyst upgrades. As cited in our Sunday Report, the stock would be in a buy zone after a move above its 10 and 21-day moving average which took place yesterday. **SLB** is now 1 point away from a possible 3-week base breakout at \$60.

Matador (**MTDR**) which we had highlighted as being in a strong buy zone after pulling back to its 10-day moving average last week, is also outperforming with a 3.1% gain. Today's rally pushed **MTDR** out of a 1-week base on volume. The stock remains in a buy zone.

Pioneer Natural (**PXD**) remains in an uptrend with the 6.9% yielder close to posting a 2-week base breakout at \$240. The stock is in a buy zone.

Alphabet (**GOOGL**) posted a bullish MACD crossover yesterday on high volume, which pushed the stock out of a 1-month base breakout at \$134. **GOOGL** is in a buy zone and is poised to continue to trade higher amid Wall Street upgrades today from 5 major firms after the company's keynote speech at their Cloud Next event today.

As highlighted in yesterday's Alert Report, Caterpillar (**CAT**) moved into a very bullish position from which to trade higher after



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closing above its 21-day moving average with a positive RSI and MACD. **CAT** remains in a strong buy zone.

Pentair (**PNR**) posted similarly bullish price action today which puts the stock into a strong buy zone.

While we're constructive on the prospects for the broader markets after this week's advance above their key 50-day moving average, economic data over the next 2 days could easily stall or reverse the bullish price action that's emerged - particularly given the weight that both the CPE and monthly Employment data carry. With this in mind, hedging any new positions or entering new positions lightly would be prudent.

Warmly,  
Mary Ellen McGonagle  
Editor, MEM Edge Report