



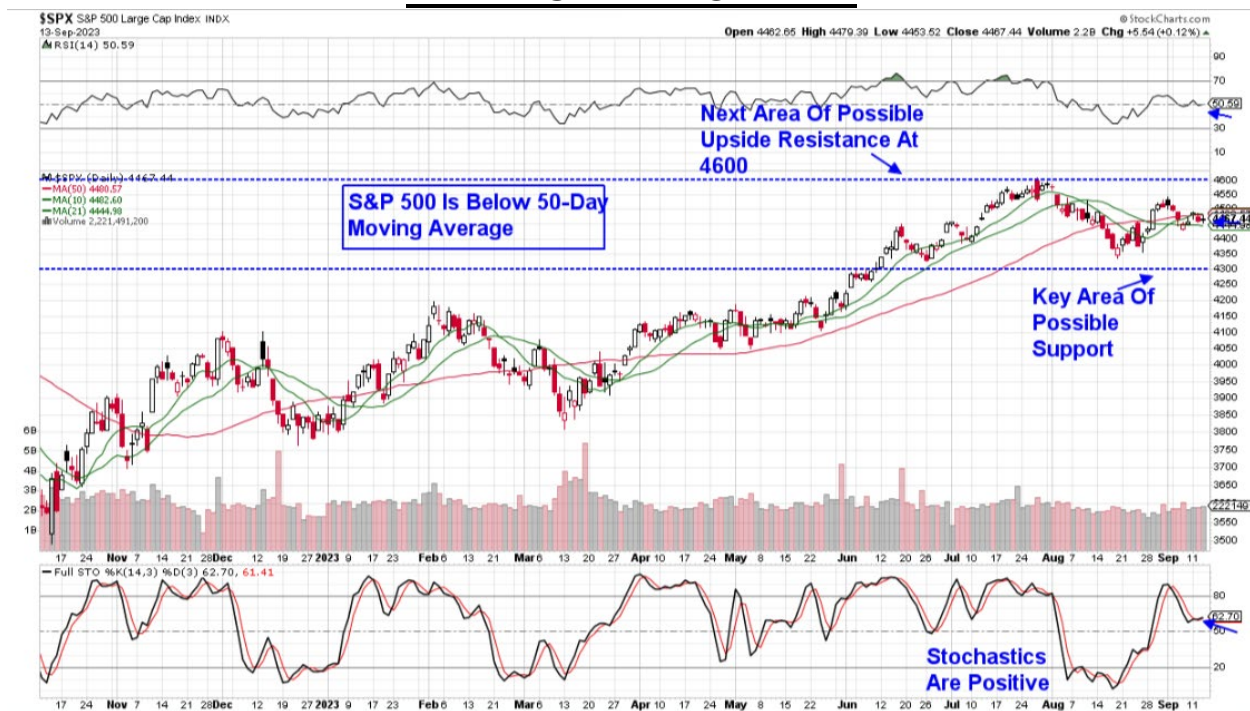
THE MEM EDGE

Midweek Report

Wednesday, September 13, 2023

- Core Consumer Price Index (CPI) Shows a Rise In Inflation
- Core Producer Price Index (PPI) Data Due Tomorrow
- Rally In TSLA and AMZN Boosts Consumer Discretionary Sector
- Software Pulls Back After Oracle (ORCL)'s Earnings Release
- Oil Prices Rise But Energy Sector Is Flat
- Removing Pentair (PNR) From Suggested Holdings List

DAILY CHART OF SPX



The S&P 500 began the week with a rally that put this Index back above its 50-day moving average before a pullback over the next 2 days pushed it back below this key moving average. Both the RSI and MACD are in positive territory.



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The Nasdaq is experiencing very similar price action with a close below its 50-day moving average and the RSI now in positive territory where it joins a positive Stochastics.

We remain cautious on the near term outlook for the markets as we continue to trade in a tight trading range ahead of next week's FOMC meeting. As cited in our Sunday Report, until we see more positive price action similar to the June into the August period, we would keep new positions to a minimum.

Despite the generally flat performance in the markets, there's upside price action among Financials due to a rally in larger Bank names that are reporting expense reduction programs. The Consumer Discretionary sector also outperformed with a more pronounced downtrend reversal due to sharp outperformance in heavyweight names Tesla (TSLA) and Amazon (AMZN).

Amazon (**AMZN**) has gained 4.5% so far this week following news that the company will offer new logistics services to third-party sellers that will help manage the delivery of goods directly to customers. The news has Morgan Stanley naming the stock as a top pick. AMZN is in a strong buy zone after today's base breakout at \$143.6

Elsewhere among Discretionary stocks, Retail remains weak as while Home Builders and Building Related stocks are pulling back as well.



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Tomorrow, Retail Sales Data for August will be released which could easily impact this group. August is known as the back-to-school shopping period and the results are often used as a gauge for the upcoming holiday shopping period.

Toll Brothers (**TOL**) has pulled back with the group and is now below its key 50-day moving average with a negative RSI. We will see how the stock closes for the week before taking action; however, lightening up on any position would be prudent.

Energy stocks are mixed this week despite a continued rise in the price of oil. Among names on our List Helmerich & Payne (**HP**) has outperformed with a 3% rally that briefly pushed the stock out of a base breakout at \$45.5 today before pulling back slightly. The stock is in a buy zone. SLB (SLB) is also in a buy zone following today's pullback to its 10-day moving average.

Pioneer Natural Resources (**PXD**) has dipped below its 10 and 21-day moving averages however, the RSI and MACD remain in positive territory. A move back above these shorter term moving averages would put the stock into a buy zone.

Matador Resources (**MTDR**) has also pulled back this week and a close back above its 10-day moving average would put the stock back into a buy zone as it would move closer to a cup with handle base breakout at \$65.5.



Technology stocks are underperforming this week after weak results from Software stock Oracle (ORCL) who reported a slowdown of sales in their cloud computing division. The news brought ORCL down 14% yesterday with other names trading lower as well, amid fears of a slowdown in cloud related computing.

ServiceNow (**NOW**) was very close to a \$614 base breakout before a pullback yesterday. NOW would be back in a buy zone after a close back above its 10-day moving average which is 0.6% away.

Uber Technologies (**UBER**) is in a very bullish position after gaining 2% this week amid news of additional growth opportunities due to collaborations. The stock is in a buy zone with a close above \$49.5 putting it into 6- week base breakout and a strong buy zone.

Adobe (**ADBE**) will be reporting their quarterly results after the market's close tomorrow, and the stock rallied today ahead of the release of news of the release of their Firefly AI suite for commercial use. The company's results, as well as the market's reaction, is expected to impact other Software stocks.

Despite this week's pullback, the Software group remains in an uptrend. (using ETF IGV)

The Semiconductor group is trading flat for the week in a move that keeps it below each of its moving averages with a negative RSI and MACD. This keeps our near term outlook for the group negative.



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Among Semi stocks on our List, Lam Research (**LRCX**) has drifted below its 50-day moving average with the MACD in negative territory while its MACD is heading lower. At this time, the stock can be held.

ON Semi (ON) and Broadcom (**AVGO**) are in a very similar position as they're trading just below their 50-day mav with mixed momentum indicators.

Nvidia (**NVDA**) outperformed the group (SOXX) today in a move that puts the stock back above its 50-day moving average however, its momentum indicators are mixed with a negative RSI and positive MACD. Until we see a move back above its 10-day moving average with a positive RSI, we would not be a buyer.

Among Internet Related stocks, Alphabet (**GOOGL**) stands out after regaining its 10-day moving average today amid news of new apps as well as reduced staffing among select departments. **GOOGL** is in a buy zone as it remains in an uptrend.

Industrial stocks continue to underperform with building related stocks such as Pentair (**PNR**) pulling back so that the stock is now below its key 50-day moving average with the RSI below its key 50-day moving average. We're removing the stock from our Suggested Holdings List.



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Today's muted response to a hotter than expected CPI inflation data was due to economists' consensus that the Fed will look past the increase. Tomorrow's release of Producer Price Index (PPI) data may shift this sentiment if we see a year over year increase above the expected 0.2%.

Interest rates will be closely watched as today, an initial increase occurred before ending the day flat. Any move of the 10-year Treasury above the 4.4% level may trigger a pullback in the markets while a pullback in yields would be constructive.

Warmly,
Mary Ellen McGonagle