



# THE MEM EDGE

Midweek Report

Tuesday, October 10, 2023

- S&P 500 and Nasdaq Both Post Positive RSI & Stochastics
- Fed Vice Chair Jefferson & Dallas Fed President Logan Both Advise That Recent Surge In Rates May Mean Less Tightening
- Yields Pull Back Amid Hope Fed Is Done With Rate Hikes
- Beaten Down Areas Of Market Faring Best This Week
- JPM, BLK, UNH and DAL Among Companies Due To Report Earnings
- Fed Meeting Notes and PPI Data Due Tomorrow, CPI Data Due Thursday

## CHART OF SPX





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The S&P 500 has gained 1.1% over the past 2 days in a move that has this Index closing above its 21-day moving average with the RSI and Stochastics now in positive territory. This price action has us more positive on the near term prospects for the markets.

The Nasdaq has gained 1% which has placed this Index in a similarly positive position above its 21-day moving average with its RSI and Stochastics now in positive territory.

The rally this week has been led by dovish comments from the Federal Reserve's Vice Chair as well as the Dallas Fed Governor, who both cited the recent surge in interest rates as perhaps setting the stage for less tightening by the Federal Reserve. In turn, interest rates have pulled back.

Surprisingly, the biggest gains this week have been among beaten down areas of the market such as Retailers (XRT), Utilities (XLU) and Industrials (XLI) while mega-cap Growth stocks have mostly underperformed. The Technology sector inched above its 50-day moving average however, it's underperforming for the week.

Today's move above the 21-day moving average for both Indexes occurred on above average volume which is good news however, a close above the 50-day moving average would provide more conviction that a sustainable rally could take place.

Economic data such as tomorrow's PPI report, as well as the release of notes from the Federal Reserve's last meeting, is anticipated to impact the markets and on any pullback, the 21-day moving average followed by the 10-day mav are the first areas of possible support for both Indices.



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Stocks on our Watch List have been acting well and we're keeping a close eye on areas such as Home Builders which may regain their uptrend should interest rates continue to pull back. We're also on the lookout for Semiconductor stocks to turn more positive as gains this week have increased the percent above their 50-day moving average to only 20%. We'll provide further insights in tomorrow's Midweek Report and at this time, we'd increase exposure lightly - keeping in mind that key inflation data is due over the next 3 days.

Warmly,  
Mary Ellen McGonagle  
Editor, MEM Edge Report