



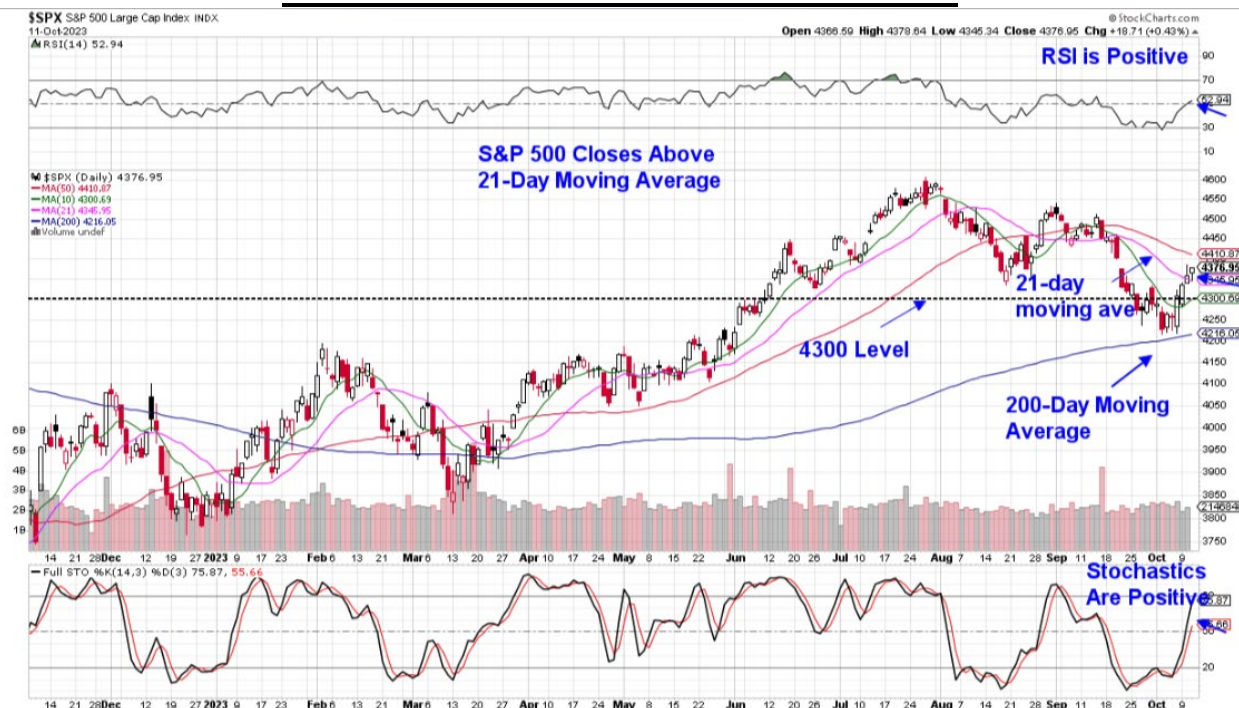
# THE MEM EDGE

Midweek Report

Wednesday, October 11, 2023

- Producer Prices (PPI) Rise More Than Forecast
- Fed Minutes Raise Hopes Of Steady Rates
- Interest Rates Pull Back Further Today
- Nasdaq Closes Above 50-Day Moving Average
- Core CPI Data Due Tomorrow
- Adding Adobe (ADBE) To Suggested Holdings List

## DAILY CHART OF S&P 500 INDEX



The S&P 500 has gained 1.6% so far this week in a move that's put this Index further above its 21-day moving average with both the RSI and Stochastics in positive territory.



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As mentioned in our Alert Report yesterday, this move above the 21-day mav coupled with positive momentum indicators, has us more positive on the near term prospects for this Index. A close above the 50-day moving average would indicate a new uptrend - and increase our confidence in the markets further. At this time, the 50 day moving average is 0.8% away.

The Nasdaq is faring better, with a 1.7% gain that has this Index now above its key 50-day moving average. With the RSI and Stochastics in positive territory, it confirms the new uptrend that was signaled on Friday by a follow-through day using the William O'Neil system. (highlighted in our Sunday Report).

This week's gains have been led by dovish comments from several Federal Reserve officials that have cited the recent surge in interest rates as a reason to pause any potential interest rate hikes.

Today's release of notes from the Federal Reserve's latest meeting confirmed this "proceed cautiously" sentiment, as uncertainty around the economy, oil prices and financial markets were cited as concerns.

Interest rates have pulled back in response which has helped push the markets higher for the week.

Mega-Cap Growth stocks were the most positively impacted during today's rally with Nvidia (**NVDA**) and Meta (**META**) from our List being top performers with Alphabet (**GOOGL**) and Microsoft (**MSFT**) from our List, not far behind.



This week's gains in META have pushed the stock out of a 10-week base on above average volume that points to further upside. **META** is in a strong buy zone. **NVDA**'s outperformance has pushed the MACD into positive territory where it joins the already positive RSI. NVDA is also in a strong buy zone as it trends further above its 50-day moving average.

Alphabet (**GOOGL**) broke out of a 3-week base today as the stock continues to find support at its 5-day moving average which is an ideal buy point and currently at \$138.

Microsoft's (**MSFT**) advance has pushed the MACD into positive territory today where it joins the already positive RSI. The shorter term 10-day moving average has closed above the longer term 50-day moving average which is known as a bullish golden cross. The stock can be bought in the \$328 range.

Elsewhere in Software, Security related stocks have been the top performing area this week with recently added CrowdStrike (**CRWD**) posting gains that are double the group's average. The advance is similar to the May advance for this stock and using that as precedence, any pullback near the 5-day moving average was an ideal buy point. This mav is now at \$180.

Today we're adding Adobe (**ADBE**) back to our Suggested Holdings List after today's rally on the heels of a very well received meeting with Wall Street, pushed the stock above its 50-day moving average with the MACD now closer to being in a positive position.



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While **ADBE** is in a buy zone, today's rally has the stock a bit extended and given the generally flat performance in the Software group overall, we'd initiate any new position lightly. (using ETF IGV)

Semiconductor stocks are also firming up, with this week's 1.8% rally putting the group just a hair above its 50-day moving average. (using ETF SOXX). We're continuing to broaden our Watch List to include names such as Monolithic Power (MPWR) and Broadcom (AVGO) as they're beginning to move above key resistance. Bullish price action in the group coupled with broadening out of participation within Semis will have us adding the stocks to our Suggested Holdings List.

Tomorrow, the CPI inflation report will be released and economists are expecting a 0.3% increase as gas prices have been cooling off. A number in line with this expectation would be bullish for a continuation of the pullback in interest rates. In turn, the market's may well trade higher.

Earnings season will begin over the next 2 days as well, with leading Bank names headlining the results.

Market breadth remains mixed with beaten down Utility and REIT stocks being the top performers this week, followed by the Industrial sector which has seen a spike in defense related stocks.





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At this time, price action in the markets warrants additional exposure with a bias toward the mega-cap Growth stocks we've highlighted in today's report.

Warmly,  
Mary Ellen McGonagle  
Editor, MEM Edge Report

## DAILY CHART OF ADOBE





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## DAILY CHART OF NASDAQ

