THE MEM EDGE
Midweek Report

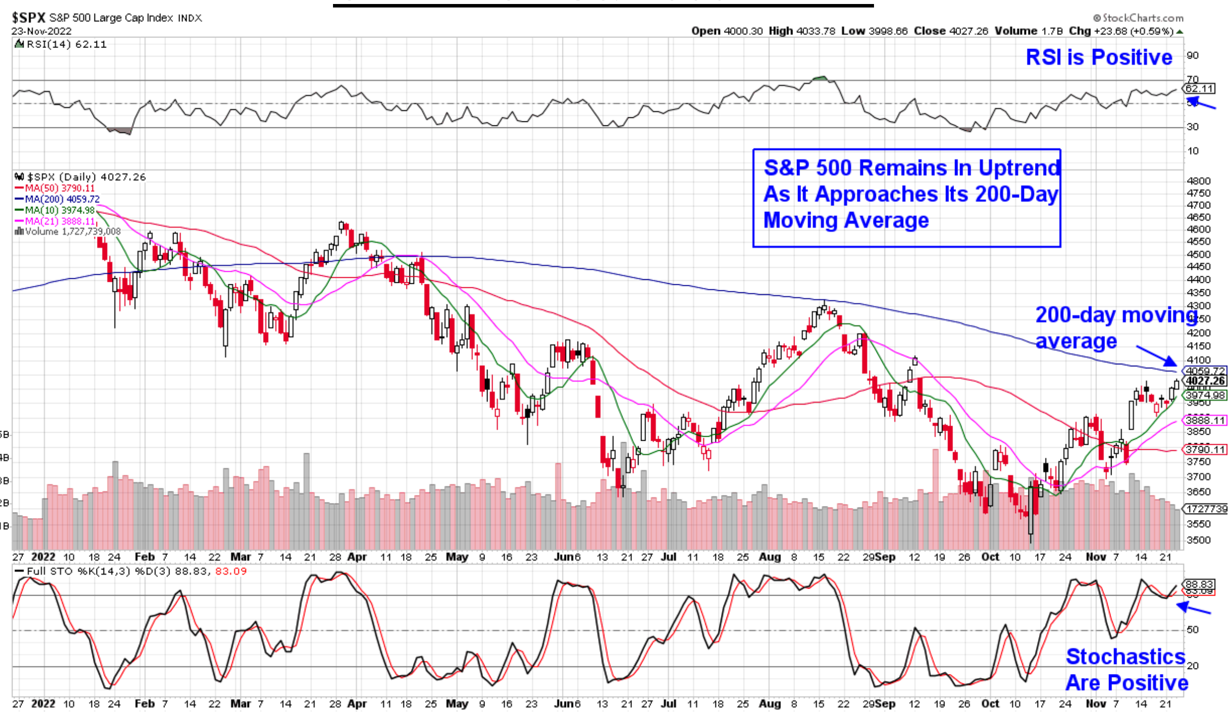
Wednesday November 23, 2022

- FOMC Notes Hint At A Rate Hike Slowdown
- Durable Goods Orders Jump Amid Easing Of Supply Chain Issues
- Weekly Jobless Claims Jump
- S&P Business Survey Shows Economy Is Slowing
- Consumer Sentiment Drops Amid High Inflation
- Markets Closed Tomorrow & Half Day On Friday

The S&P 500 has gained 1.5% for the week in a move that keeps its near-term uptrend intact with the RSI and Stochastics in positive territory. The next area of possible upside resistance is its 200-day moving average which is 0.8% away.

The Nasdaq has gained 1.1% for the week and is now trading back above its 10-day moving average after a Monday pullback. With the RSI and Stochastics in positive territory, the near-term uptrend in this Index is intact as well.

CHART OF S&P 500 INDEX



Outperformance in Semiconductor, Retail and Software stocks have boosted the markets amid better than expected earnings. In addition, the recent move into more defensive Utility and Staples stocks continued into this week with both areas outperforming the markets and the Utility sector now in a confirmed uptrend after breaking back above its 200-day moving average. (XLU).

The markets traded in choppy fashion ahead of today's release of notes from the Federal Reserve's latest meeting, however beneath the surface, a number of beaten down Retailers have posted sharp gains after reporting better than expected earnings and sales.

The S&P 500 Retail group (XRT) has been a top performer with the group poised to break back above its 200 day moving average. The rally in this area improves already strong breadth in the markets and bodes well for a continuation rally in the broader markets as Semiconductors are now close to trading above their 200-day moving average as well. (SOXX) Both high growth areas have been greatly underperforming the markets with Retail down 35% from its 1-year high while Semis are down 32%.

The biggest news this week was today's release of the FOMC meeting notes which stated that Federal Reserve officials expect to switch to smaller interest rate increases "soon". Response to this news was muted as the markets had largely been expecting the Fed to dial back their aggressive rate hike policy.

Overall however, it is a positive backdrop for the markets as was the release of weaker than expected economic data this week.

Among stocks on our Suggested Holdings List, Microsoft (**MSFT**) has broken out of a 2-week base after a 2.6% rally following news of an increase in their quarterly dividend rate.

Among Semiconductors, ON Semi (**ON**) remains in a strong buy zone and can be bought in the $74 range at its 10-day moving average. ASML Holding (**ASML**) remains in a confirmed uptrend as well and precedence tells us that an ideal buy point is a pullback to the 10-day mav which is currently at $586.

Energy stocks are the weakest performers this week as news of reduced oil demand from China pushed oil prices down.

Schlumberger (**SLB**) from our List has fallen 3.7% for the week and we would not be a buyer on the pullback as the RSI on its daily chart is now poised to turn negative. The same dynamic is setting up in Haliburton (**HAL**) with its RSI on the cusp of turning negative. A negative RSI has preceded lengthier downtrends in the past this year.

EOG Resources (**EOG**) and Exxon (**XOM**) from our List are in the Exploration & Production Industry group which is behaving better than Oil Services (where HAL & SLB reside) this week. The stock is in a more positive position.

In addition, the Energy group remains in an uptrend (XLE).

Biotech and Medical stocks are underperforming just a bit this week with Astrazeneca (**AZN**), Gilead (**GILD**) and Vertex (**VRTX**) remaining in an uptrend as is the Biotech ETF (**IBB**).

As a reminder, Friday's trading session will close at midday so we anticipate light trading volume however, we'll be on the lookout for a continuation trade in the newer areas such as Semiconductors and Retail and will elaborate further in our report on Sunday.

Warmly,
Mary Ellen McGonagle