

PHASES & CYCLES®

U.S. TECHNOLOGY STOCKS

Numerous U.S. Technology stocks display a bullish technical picture, with some recently starting new uptrends while others began their rise earlier and are currently extremely overbought.

Although an overbought condition may persist for an extended period of time, the longer it lasts, the more likely the stock is to have a correction. The latter may occur in either *price* or *time*; a correction in *price* would indicate a *price*-decline toward the 40-week Moving Average (40wMA) while a correction in *time* would entail a horizontal trading range, which would allow the Average *time* to catch up to the price. We provide a table at the end of the report of some of the most overbought stocks with the corresponding level of their respective 40wMAs and the percentage above the Average for each stock. A better entry level for these stocks would occur after a correction in *price* or *time*.

Below is a selection of the most bullish Technology stocks listed on the S&P500 that have recently broken out as well as a closer look at their charts and important levels to watch for.

Note that there are a number of other Technology stocks that have been base-building recently and appear on the verge of a breakout; these include: HP Inc. (HPQ), NetApp Inc. (NTAP), Teradyne Inc. (TER), and Cisco Systems Inc. (CSCO).



Accenture PLC (ACN – US\$308.43) declined from \$417.27 to \$261.77 (A-B) below a falling trendline (dotted line) and below the falling 40wMA. Subsequently, the stock settled in a horizontal trading range mostly between \$250 and \$300 (dashed lines). The recent rise above the top of this range suggests a breakout and the start of a new uptrend toward higher targets (C).

Behaviour indicators including the 40wMA confirm the bullish status. There is good support near \$280-285; only a sustained decline below this level would be negative.

Point & Figure measurements provide targets of \$350 and \$390 (13% and 26% appreciation potentials from yesterday's close). Higher targets are visible.

Charts courtesy of Refinitiv Eikon

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Adobe Inc. (ADBE – US\$417.21) declined from \$699.54 to \$274.78 (A-B) below a falling trendline (dotted line) and below the falling 40wMA. Subsequently, the stock stayed in a horizontal trading range mostly between \$320 and \$390 (dashed lines). The recent rise above the top of this range suggests a breakout and the start of a new uptrend toward higher targets (C).

Behaviour indicators including the 40wMA confirm the bullish status. There is good support near \$360-370; only a sustained decline below this level would be negative.

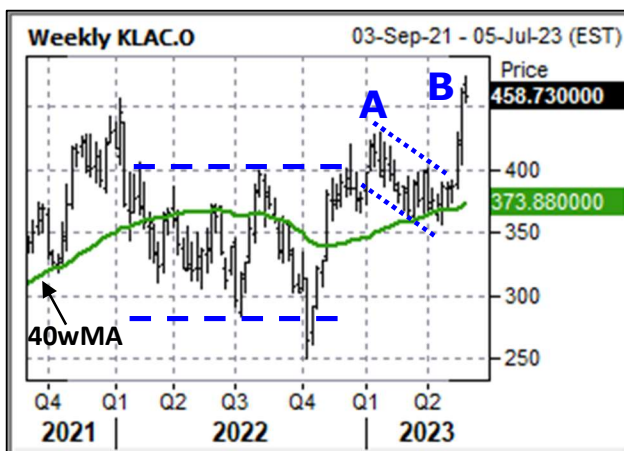
Point & Figure measurements provide targets of \$460 and \$500 (10% and 20% appreciation potentials from yesterday's close). Higher targets are visible.



Arista Networks Inc. (ANET – US\$174.42) traded in a horizontal trading range mostly between \$95 and \$142 for more than one year (dashed lines). The stock had a breakout above the top of this range earlier this year (A), pulled back to the 40wMA (B) and resumed the uptrend recently (C).

Behaviour indicators including the rising 40wMA confirm the bullish status. There is good support near \$145-150; only a sustained decline below this level would be negative.

Point & Figure measurements provide targets of \$195 and \$210 (12% and 20% appreciation potentials from yesterday's close). Higher targets are visible.



KLA Corp. (KLAC – US\$458.73) traded in a horizontal trading range mostly between \$280 and \$400 in 2022 (dashed lines). The stock had a breakout above the top of this range earlier this year (A), pulled back within a corrective parallel channel toward the 40wMA (dotted lines) and recently resumed the uptrend (B).

Behaviour indicators including the rising 40wMA confirm the bullish status. There is good support near \$400; only a sustained decline below this level would be negative.

Point & Figure measurements provide targets of \$500 and \$550 (9% and 20% appreciation potentials from yesterday's close). Higher targets are visible.



Lam Research Corp. (KLAC – US\$629.96) declined from \$730.70 to \$299.59 (A-B) below a falling trendline (dotted line) and below the falling 40wMA. Subsequently, the stock started an up-trend above a rising trendline (solid line) but ran into resistance near \$525-550 (shaded area). The recent rise above this level signaled a breakout and the start of a new uptrend (C).

Behaviour indicators including the rising 40wMA confirm the bullish status. There is good support near \$525-550; only a sustained decline below this level would be negative.

Point & Figure measurements provide targets of \$700 and \$770 (11% and 22% appreciation potentials from yesterday's close). Higher targets are visible.



ServiceNow Inc. (NOW – US\$549.12) declined from \$707.60 to \$406.47 (A-B) below the falling 40wMA. Subsequently, the stock started building a bullish *Inverse Head-and-Shoulders* base formation (solid lines). The recent rise above the neckline of this pattern at \$500 (dotted line) signaled a breakout and the start of a new uptrend (C).

Behaviour indicators including the 40wMA confirm the bullish status. There is good support near \$475-500; only a sustained decline below this level would be negative.

Point & Figure measurements provide targets of \$600 and \$670 (9% and 22% appreciation potentials from yesterday's close). Higher targets are visible.



Synopsys Inc. (SNPS – US\$464.83) traded in a horizontal trading range mostly between \$270 and \$395 for about one year and-a-half (dashed lines). The stock had a breakout above the top of this range earlier this year (A) to signal a breakout and the start of a new uptrend (A).

Behaviour indicators including the rising 40wMA confirm the bullish status. There is good support near \$390-400; only a sustained decline below this level would be negative.

Point & Figure measurements provide targets of \$500 and \$560 (8% and 20% appreciation potentials from yesterday's close). Higher targets are visible.

Overbought Technology Stocks				
Name	Symbol	30-May Close	40wMA	% to Average
Advanced Micro Devices Inc.	AMD	\$125.27	\$80.00	57%
Broadcom Inc.	AVGO	\$803.34	\$573.50	40%
Microsoft Corp.	MSFT	\$331.21	\$261.60	27%
NVIDIA Corp.	NVDA	\$401.11	\$204.50	96%
Oracle Corp.	ORCL	\$105.15	\$84.40	25%