

TKL

Chart of the Week

Week of August 29th, 2022



In this week's **Chart of the Week**, we look at Advanced Micro Devices (AMD) as the chip giant's recent recovery off its 52-week low appears to have stalled last week. After weaker than expected earnings from Nvidia last week, chip stocks were under pressure. The results underscored significant downturns in gaming revenues as well as the ongoing chip shortage which is limiting revenue growth across the industry. Turning to the technical picture, we first see that the near-term steep upward trending channel, which stemmed from the July 5th \$71.60 low, was broken last week at \$99.50. It came after multiple daily rejections of the top end of long term downward trending channel resistance in the \$100.00-\$110.00 range as outlined above. Furthermore, this came after a few days of downward divergence in the daily RSI which broke below its uptrend at ~63 on August 8th, and the rapid narrowing of the daily top and bottom Bollinger Bands, to \$104.62 and \$91.01 respectively. These were all signs of momentum stalling and we now believe that a near-term top has likely been set. Most importantly, the previous higher low, at \$93.67 from August 9th, was broken last week and this marks the first lower low since the relief rally started. Looking ahead, we believe the next natural level of support is the \$84.75 low from July 26th, but emphasize the need for a relief bounce to allow the daily bottom Bollinger Band to shift lower. Therefore, we believe a move towards \$85.00 is coming next as long as the stock remains below \$96.00 downtrend resistance.

Farewell and Trade Well,

The Kobeissi Letter Team

[Subscribe here to receive our full weekly analysis and access to our private Twitter Feed.](#)

ALL MATERIAL DISCUSSED IN THIS LETTER MAY NOT BE COPIED OR REDISTRIBUTED WITHOUT PERMISSION. Information discussed in this publication is in no way financial advice and The Kobeissi Letter LLC is in no way giving recommendations. All information discussed in this publication adheres to our [General Terms and Conditions](#) and [Disclaimer](#).

Copyright ©2015-22 The Kobeissi Letter LLC. All rights reserved.