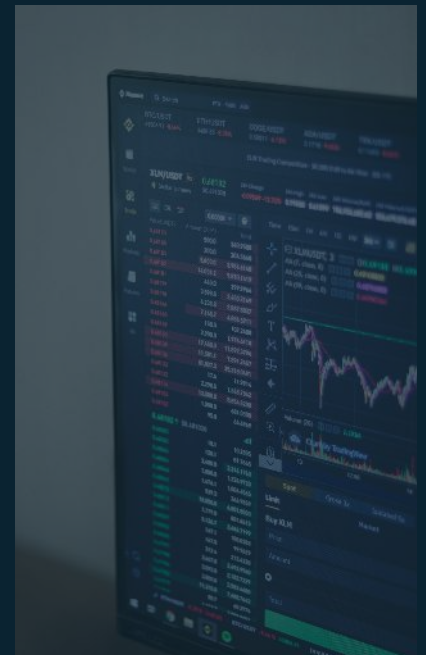


Chart-in-Focus

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Semiconductor Surge: A Lucrative Technical Pick

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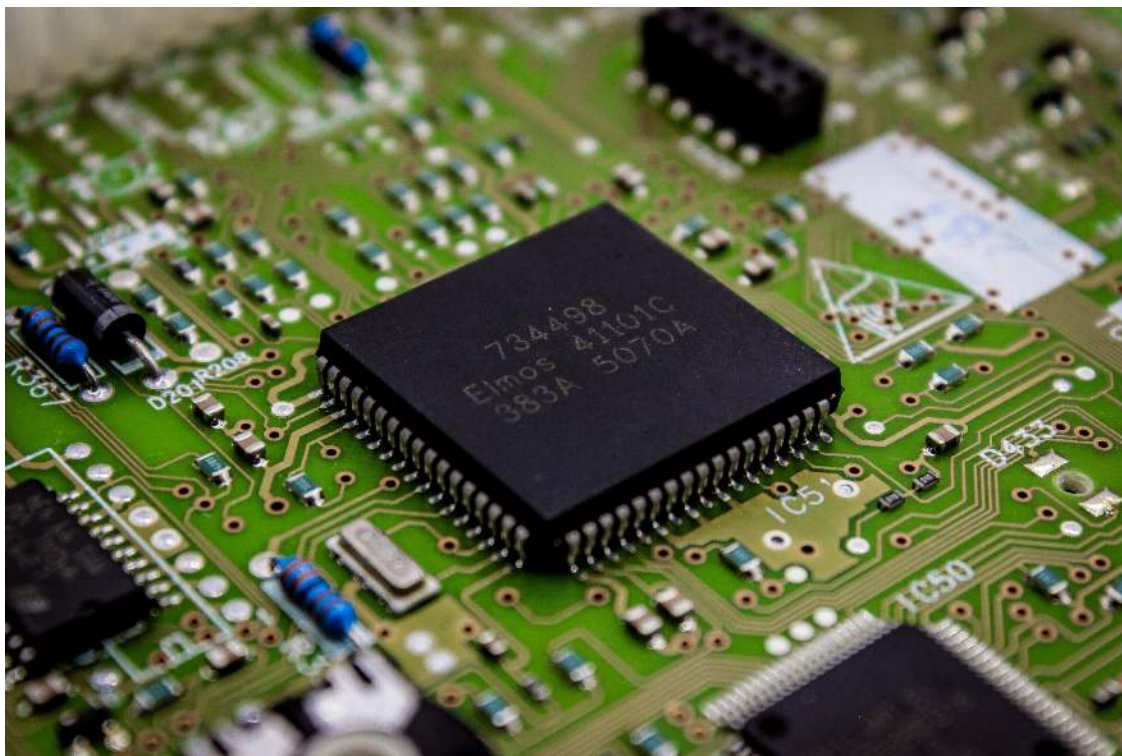


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Chart-in-Focus: Semiconductor Surge: A Lucrative Technical Pick

Texas Instruments, Inc. (NASDAQ: TXN), a renowned semiconductor design and manufacturing company, operates through its Analog and Embedded Processing segments. While the Analog segment focuses on transforming real-world signals into digital data, the Embedded Processing segment encompasses various solutions such as OMAP, connectivity solutions, non-wireless DSPs, and microprocessors. Apart from these, the company also offers smaller semiconductor product lines and royalties across industrial, personal electronics, automotive, communications, enterprise, and other end-markets. Founded in 1930 and headquartered in Dallas, TX, Texas Instruments has recently released its quarterly numbers, resulting in a 5% price decline on the day of the report.

Despite the decline in stock price, Texas Instruments' second-quarter earnings report was largely positive. The company reported a 13% year-over-year decline in revenue, amounting to \$4.53 billion. However, this figure



surpassed analysts' expectations by \$160 million. Additionally, its EPS dropped by 24% to \$1.87, but still exceeded the consensus forecast by \$0.10 per share. While the headline numbers cleared Wall Street's low bar, the market response was not as bullish as anticipated.

TXN is a part of NASDAQ Composite, NASDAQ 100, S&P100, and S&P500 Indices

Technical Analysis and Investment Outlook

From a technical perspective, the analysis of the TXN stock suggests that it might be an opportune time to consider adding it to a medium-term investment portfolio. Despite its recent relative underperformance, there are indications that the stock is entering a phase of potential relative outperformance.



Comparing TXN to major indices, such as Nasdaq 100, Nasdaq Composite, S&P100, and S&P 500, reveals its relative underperformance. While TXN has returned 9.29% on a year-to-date basis, these benchmarked indices have experienced significantly higher returns ranging from 19.82% to 45%. However, the Relative Rotation Graph (RRG) demonstrates that the stock's Relative Momentum has improved against the broader S&P 500 Index. As the stock enters the Improving Quadrant on the RRG, it signals a possible end to its phase of underperformance and the beginning of potential relative outperformance in the coming weeks.



The technical chart analysis reveals that after reaching a high at 202 in October 2021, the stock underwent a corrective retracement and found support at the 200-Week Moving Average (MA) in July 2022. Since then, the stock has remained in a ranged consolidation, frequently finding support at the 200-Week MA, which currently stands at 161.88. Additionally, a bullish Ascending Triangle pattern has formed, with the upper edge at 186 levels. The stock has repeatedly tested this resistance level in recent months, suggesting a potential breakout from this formation.

Furthermore, the Weekly Moving Average Convergence Divergence (MACD) and Parabolic Stop and Reverse (PSAR) indicators continue to support a buy signal, indicating the maintenance of the primary uptrend. With the price trading above the 50-, 100-, and 200-Week MAs, which are situated at 175.25, 171.83, and 161.88, respectively, the primary trend remains intact.

Given the current technical setup and positive indicators, it is prudent to consider adding TXN to a medium-term investment portfolio. If the expected technical pattern materializes, the stock has the potential to reach levels between 205 and 215 in the coming weeks. However, investors should exercise caution and closely monitor the stock's performance. A close below 160 would invalidate the current technical setup and warrant reconsideration of the investment decision. This translates into a potential price appreciation of 20% from the current levels.

Conclusion

Texas Instruments, Inc., a prominent player in the semiconductor industry, has showcased strong fundamentals despite a recent price decline following its quarterly report. From a technical perspective, the stock is showing promising signs of a potential uptrend and relative outperformance compared to the broader markets. Considering the technical setup, investors with a medium-term horizon may find Texas Instruments a compelling addition to their investment portfolio. As always, conducting further research and risk assessment is vital before making any investment decisions.

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