



# THE MEM EDGE

Midweek Report

Tuesday October 4, 2022

- Markets Posts Consecutive Rally Day On Volume
- Energy Stocks Continue To Outperform
- **Removing AMZN, SBUX and GM From Short List**
- Factory Output Decreases
- Monthly Employment Data Due On Friday

The S&P 500 posted a larger gain than yesterday in a rally that's put this Index back above its 10-day moving average. The RSI and Stochastics are in negative territory however, the RSI is close to turning positive.

This week's price action is reminiscent of the week following the June low which occurred on Friday June 17th. The following week, the S&P 500 gained 6.5% with was followed by choppy price action over the next few weeks that preceded a lengthier mid-July rally.

In our Sunday MEM Edge Report on June 26th, we noted that price action on Friday, June 24th marked a near-term bottom for the markets as there was a gain of 3% on volume that was higher than the prior day. This occurred on the 4th day out from an initial market rally attempt which is in line with the characteristics needed for a "follow-through day".

I'm highlighting this simply because today was day 2 of an attempted rally day after last week's new low, and on Thursday (day 4), we can begin to look for a possible follow-through day. In June we anticipated any rally to be short term and that is the case currently as well.

Of note is the fact that there's highly important Employment data due out on Friday morning which could either support any further rally, or quickly reverse it.

Given the possibility of a continuation rally over the near-term as well as the fact that these stocks have broken back above resistance, we're removing the Short Idea candidates from our MEM Edge Report. This would include Amazon (**AMZN**), General Motors (**GM**) and Starbucks (**SBUX**).

We'll elaborate further on the underlying conditions of the market in tomorrow's Midweek Report.

Warmly,  
Mary Ellen McGonagle  
Editor, MEM Edge Report