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THE SPX MUST HOLD 3670.

The forecast of our last Market Comment *"we had too many bad months already in 2022 and therefore we may not need another"* held for a few days in September. However, the morning of the 13th brought more negative news and consequently the DOW declined 1,276 points or 3.9%, the S&P 500 (SPX) 177 or 4.3% and the NASDAQ 632 or 5.2%.

The SPX had a good run from the mid-June low of 3670 to 4305 in mid-August, but it ran into resistance, formed by both the falling 200-day Moving Average (200dMA) and its downtrend line (see green line below). It turned down from there and reached 3900 at the end of August. The SPX turned up again to head potentially above 4300, but then stopped this rise on the 13th as mentioned above and declined to 3873 last Friday.

The OUTLOOK for the SPX presents two possibilities from here.

1, It continues to decline to the recent low of 3670, finds support there (created by positive news on

the financial front) and begins to build a base. If the support at this level is the same as at the July low, this would form a positive and bullish technical pattern called a "double bottom". This could take some time, maybe all of October, but it would lead to the start of a year-end rally that usually follows a double bottom.

2, It does not stop at 3670, the recent low, and continues to the next support level at 3500, the 1/2 correction point from the 2020 low to the January 2022 high.

It is not our usual practice to give either-or forecasts, but at the moment the potential for further negative news from the FED makes it very challenging for longer-term forecasts.

The Energy Stocks are taking a pause, but Cameco (CCJ), Marathon (MRO), Southwestern (SWN), Tidewater (TDW) continue to provide the best potentials.

The Gold stocks, which should be leading, are sleeping.

S&P 500 (SPX)



S&P/TSX (TSX)



Toronto outperformed New York at the beginning of 2022 but started to decline in April. It bottomed in July instead of June, rose above its downtrend line by early August, but just like the SPX it was unable to rise above its 200dMA, and declined in September.

OUTLOOK

The outlook is the same as for New York. If there is a double bottom it

should occur near 18,500, if this doesn't hold, it may decline to 17,500.

The Energy sector dominates: Enerplus (ERF), Mullen (MTL), Suncor (SU), Tourmaline (TOU) and Vermilion (VET) stand out.

Alimentation (ATD) and Metro (MRU) are also good choices.

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