

Chart of the Day Here's your trade on Costco \$COST

April 7, 2026

Scott McGregor highlights **Costco (\$COST)** as a premier "relative strength" play, noting its resilience despite broader geopolitical tensions in the Middle East. While many stocks crumbled under recent market pressure, Costco quickly reclaimed its 50-day moving average, driven by its status as an essential consumer destination where shoppers seek bulk-buy "deals" to combat inflation and recessionary fears. Technically, the stock has successfully broken out of a multi-month "cup and handle" pattern—developing since mid-February—and is currently using its 8-day exponential moving average (EMA) as a consistent launchpad for institutional buyers.

Next Steps:

1. Monitor the \$1,020 Pivot: Set a high-priority alert for a decisive move through the recent intraday high of \$1,020. A daily close above this level confirms the handle breakout and provides a high-conviction entry point.
2. Execute Risk Management: For new entries near \$1,020, place a hard stop-loss at the intraday low of the breakout day (approximately \$1,000). This keeps total risk at roughly \$20 per share.
3. Scale and Trail: Start with a small position. As the trade moves in your favor, prioritize capital preservation by moving the stop-loss to break-even as quickly as technical support allows.
4. Identify the "8-Day Bounce": If the breakout is missed, look to initiate or add to positions on a "tag" of the 8-day EMA, which has historically acted as strong institutional support for \$COST.

Transcript:

[0:00] Hey everyone, good evening. It's Scott

[0:03] at scottrades on x with

[0:05] stockmarketmentor.com

[0:07] and your chart of the day. Want to take

[0:09] a look at Costco. This is ticker co. And

[0:12] one thing that I thought was interesting

[0:14] was the fact that even throughout the

[0:16] conflict in the Middle East, Costco did

[0:19] break under the 50-day moving average,

[0:21] but didn't stay under there for long.

[0:23] And I started thinking, well, why is

[0:25] this holding up better than a lot of

[0:27] other stocks? And it dawned on me, oh

[0:30] wait, no one is going to cancel their

[0:32] Costco membership because if they're

[0:34] looking for deals, chances are if
[0:36] they're shopping, they're probably going
[0:37] to go to Costco anyways and buy
[0:39] everything in bulk so they don't end up
[0:41] uh spending so much money at the regular
[0:43] grocery store. And so Costco's been on
[0:46] my watch list for a while here. And just
[0:48] the other day, it broke out of a pretty
[0:52] clean handle pattern. You see this long
[0:54] sloppy cup and then this handle that had
[0:57] been developing since the middle of
[0:59] February. We've been holding above this
[1:01] handle and have clear support down
[1:03] around the 8day where every time it
[1:05] bounces down to the 8day EMA, the buyers
[1:08] step in. Now, if you miss that bounce by
[1:10] opportunity, I I still think Costco
[1:12] could be buyable with a move just above
[1:15] today's intraday high in and around
[1:19] 1,020 bucks. And so I would look for a
[1:21] move through and a close above 1,020 on
[1:25] Costco and that could get you into the
[1:27] stock putting a stop right at today's
[1:30] intraday low for a stop loss. So you're
[1:32] risking uh you know just under 20 bucks
[1:34] on the trade. Start small, build into
[1:37] the position and as it works in your
[1:39] favor, you can move that stop up to
[1:41] break even as soon as possible. And so
[1:44] that's just one of many setups that I'm
[1:46] looking at tonight over at
[1:47] stockmarketmentor.com.

[1:49] I hope that was helpful. I'll see you

[1:51] next time.