

## Top Meme Stocks and Meme Stock Rallies

<https://www.forbes.com/sites/qai/2022/09/02/top-meme-stocks-and-meme-stock-rallies/?sh=638b0da31b24>

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#### Key takeaways

- Many experts thought the meme stock movement would be limited to the pandemic when people were bored at home and looking to stir the pot. However, meme stock rallies are here to stay for the foreseeable future.
- It's important to remember that the gains from meme stocks can disappear just as quickly as they come in. This means that you must be an active trader to make money from meme stocks, and things could end poorly if you mistime a trade.
- The problem with meme stocks is that prices can be extremely disconnected from the financial viability of a given company.

If the stock market volatility in 2022 wasn't stressful enough, it looks like meme stocks are sticking around to shake things up. Many experts thought the meme stock movement would be limited to the pandemic. However, meme stock rallies are here to stay for the foreseeable future. We've seen wild swings with the usual suspects in recent months.

The meme stock phenomenon has added confusion to a market that's already dealing with rising interest rates, drastic losses and the pending stresses of a possible recession. Since we can't ignore the impact of meme stocks, we must try to make sense of what's happening.

#### What are the top meme stocks today?

Let's look at the top meme stocks today to see how they're doing after the many rallies they've gone through.

[GameStop became a stock market sensation](#) during the pandemic. The stock closed on August 31, 2022, at \$28.64 and had a 52-week range of \$19.40 - \$63.92.

While some investors have profited from this rally, the fun is likely over. We determined in a recent post that [investing in GameStop](#) is risky because the company needs to make some major moves to turn things around. GameStop lost \$400 million from April 2021 to April 2022, and they have just over \$1 billion on hand as a runway to figure out how to stop burning through cash.

The GameStop 4-for-1 stock split and the introduction of the NFT marketplace haven't helped the company like management thought it would. It has since come out that the

GameStop NFT marketplace is generating less than \$4,000 in daily revenue. The company has aspirations of becoming the “Amazon of gaming,” but it’s difficult to see this playing out.

### **AMC Entertainment Holdings, Inc. (AMC)**

The [market value of AMC](#) shot up to almost \$27 billion when it took off in mid-2021. What makes this number even more shocking is that the company had a market cap of roughly \$450 million at the end of 2020. The market cap on September 1, 2022, is \$4.40 billion.

The stock closed at \$9.12 on August 31 and had a 52-week range of \$8.68 to \$52.79. Those numbers illustrate the story of what can happen to meme stocks. While many braced for the worst for AMC when the pandemic forced movie theaters to shut down completely, meme rallies gave some life to this stock.

The company recently released its financial results for the second quarter of 2022, announcing that revenue has grown to \$1.17 billion. Unfortunately, the company still had a net loss of \$121.6 million. In good news, the company stated that ticket sales more than doubled compared to the previous year.

Instead of shying away from the unique investor buzz, the company has embraced it by announcing a new share class: AMC Preferred Equity. This new share class spells out “[APEAPE 0.0%](#),” which is what bullish meme traders call themselves. This move was an interesting cash grab as AMC realized they could take advantage of the buyer momentum by issuing an entirely new class of shares.

This unprecedented and controversial move was designed to strengthen the company fundamentally. CEO Adam Aron informed shareholders that the APE shares would help them potentially raise money to lessen survival risks as the company rebuilds post-pandemic.

### **Bed Bath and Beyond, Inc. (BBBY)**

It’s almost impossible to make sense of the movements of the BBBY stock price since the meme stock movement began. August 2022 was a month filled with wild swings for the stock. This summer, the SEC even reached the point where they had to halt trading for BBBY. The stock was up 314% at a few points during the month before crashing back down to reality. On August 31, the company made an [SEC filing](#) to sell shares to raise cash for an undisclosed amount. The stock price closed at \$9.53 on August 31, 2022, with a one-year range of \$4.38 - \$30.06.

As of this writing, the future of the company is concerning. On August 31, Bed Bath and Beyond announced that it would be making significant changes immediately to attempt to revive the business. The company plans on closing about 150 lower-producing stores and cutting about 20% of both the corporate and supply chain workforce.

The company said it had obtained more than \$500 million in new financing commitments. It also plans on going through a merchandise overhaul to attract customers and increase sales.

In a [previous post here](#), we look at the erratic month that BBBY stock had in August of 2022. The stock started on August 1, 2022, at \$5.77 and peaked at \$23.08 due to another meme stock rally. Unfortunately, the stock price didn't match the reality of what the company was going through. The company reported a \$358 million loss and \$3.3 billion in debt. To make matters worse, full financial results won't be released for the second quarter until September 29 of this year. The shares fell 21% on August 31 after the announcements were made. Bed Bath and Beyond needs to work on gaining back the confidence of investors, customers and suppliers.

### **What do meme stocks mean for traditional investors?**

Traditionally, investors look at a company's financials to see how the business is performing to determine if a company is worth investing money in. Nowadays, if you're into the meme stock movement, it almost feels like you can just check Reddit or social media to see what company has buzz. The problem with meme stocks is that prices can be extremely disconnected from the financial viability of a given company. It's absurd to think that so much money has been pumped into a stock like BBBY in August while the company is on the verge of financial ruin.

We can't deny that meme stocks aren't going away anytime soon or that meme rallies are now a part of this unpredictable stock market. The biggest concern is that this phenomenon challenges conventional wisdom about investing in the stock market.

It's important to remember that the gains from meme stocks can disappear just as quickly as they come in. This means that you must be an active trader to make money from meme stocks, and things could end poorly if you mistime a trade. Moreover, as the price swings of these popular meme stocks indicate, you could lose a lot of money in this risky style of trading.

### **What's the future of meme stocks?**

This is where things get interesting for investors. While some have called for more stringent SEC regulations, stopping stock market trading is challenging. The SEC has clarified that they feel meme stocks are a joke. A rather interesting series of videos was released recently where the [SEC takes shots](#) at meme stocks, crypto bros and [margin accounts](#). The page also points out that you shouldn't play games with your financial future.

While The SEC has every right to educate investors, it's unclear what regulations they could implement in the near future to control meme stock rallies. Gary Gensler from the SEC previewed new market rules that would have formal proposals filed in the fall to control the meme stock trading rallies. The new SEC rules would be a huge overhaul of the payment for order flow system. They would require market makers to directly

compete for trade execution from retail investors to increase competition. The new rules would also mandate that market makers must disclose additional data around the fees that these firms earn and the timing of trades. There has already been pushback from Robinhood and others who aren't on board with these changes. Only time will tell what new rules will be pushed through.

### **The bottom line**

We realize how tempting it is to risk money on a meme stock when your social media feeds are suddenly flooded with posts, reels and tweets about hot gains from the next big winner. However, remember that we can't ignore the financial results of the companies we invest in. So while it's exciting to chase a stock with plenty of buzz, you want to invest in financially sound companies that will be around and turning a profit for a long time.

If you're unsure of which companies those are, you can always take the guesswork out of investing with an Investment Kit from Q.ai. To learn more, check out the Q.ai [Short Squeeze Kit](#) for investments in this unique category of stocks. The Short Squeeze Kit gathers historical and technical financial intel on thousands of U.S. equities, including relevant sentiment information.