



## Friday Failure

U.S. equities traded in ranges less than 66% of average throughout the week on lighter than average volume. The uniquely small trading range for the week occurred despite significant economic data. This past week included seeing Empire State Manufacturing hit the lowest level since 2008 (outside of the pandemic lockdown), Retail Sales collapse to 0% growth, the Federal Open Market Committee (FOMC) Minutes that were mixed while pointing to higher interest rates and a disappointing Existing Home Sales report. Friday, however, equities corrected and fell roughly 1.5%, erasing the previous 5 days of trading.

## THE WEEK AHEAD:

Next week is an interesting week economically. We will see Purchasing Managers Index data, New Home Sales GDP and Personal Consumption and Expenditure (PCE) and Preliminary GDP. PCE is arguably more impactful and a better indication of inflation than Consumer Price Index. Although it is expected to report less aggressive growth in inflation, it should show additional inflation at the consumer level. Additionally, the Federal Reserve will be at the Jackson Hole Symposium which is a policy summit held in Wyoming and where central bankers, finance ministers and other key persons in finance on the global stage will attend. This can create significant moves in the markets as we expect high inflation globally will be addressed.

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Monday 08/22: none

Companies Reporting Before: none

Companies Reporting After: PANW

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Tuesday 08/23: Flash Services Purchasing Managers Index (PMI), Flash Manufacturing PMI, New Home Sales, Richmond Manufacturing Index

Companies Reporting Before: MDT, JD, SJM

Companies Reporting After: INTU, AAP

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Wednesday 08/24: Durable Goods Orders m/m, Core Durable Goods Orders m/m, Pending Home Sales

Companies Reporting Before: ADSK

Companies Reporting After: NVDA, CRM, SPLK, NTAP

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Thursday 08/25: Preliminary Gross Domestic Product (GDP) q/q, Jackson Hole Symposium (Day 1), Weekly Unemployment Claims

Companies Reporting Before: PDD, DG, DLTR

Companies Reporting After: WDAY, ULTA, GPS

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Friday 08/26: Core Personal Consumption and Expenditure (PCE) Price Index, Fed Chair Powell Speaks, Jackson Hole Symposium (Day 2), Revised University of Michigan Consumer Sentiment

Companies Reporting Before: MRVL, HPQ

Companies Reporting After: none

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Saturday 08/27: Jackson Hole Symposium (Day 3)

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## Forecast:

With the selloff in equities on Friday after weeks of bullish movement, we could be seeing a near-term high. The Jackson Hole Symposium will likely bring to light how significant inflation is throughout the world and all major economies which should put pressure on the Central Banks to raise rates and slow if not restrict growth which point to lower equities and economic slowdowns worldwide.

**For the Profit Harvester Trade recommendations below, be sure to follow the entry and exit rules especially the entry prices.**

## Profit Harvester Trade Rules:

1- Watchlist High Liquidity: 500k shares a day and penny increment options 2- Signal: Big move on Friday: 2.5% or more up (or down)

3- Signal Confirmation: Single Deviation breakout based on 20 days (using a 20-day Bollinger with a single deviation as confirmation to the 2.5% breakout move.

4- Entry Price: Confirmed intraday distribution entry at OB or OS pullback - This is a Time Price Opportunity chart (monkeybar) distribution projection. It generally means it needs to pull back to within 20% of the mid-price of Friday's large candle.

5- Target is "fair price" or projected 50% level on the new distribution for the next day. (I hand calculated this on Friday after close)

If the trade does not pull back to an entry price, bearish or bullish, by Tuesday's close, do not enter the trade.

## Profit Harvester Trade Recommendations:

**(The following is intended for education purposes only. Investors should research for due diligence and understand their own risk tolerance. Investors must recognize that investing holds no guarantees—you could lose money.)**

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The previous week's Profit Harvester, MU triggered the trade but continued to sell off throughout the week. NKE triggered the entry signal and rallied to and through our target. For next week, we are looking at BMY for a bullish trade and MU for a bearish trade. For all of the Profit Harvester examples, if the trade does not trigger within the first two trading days of next week, the trade is cancelled.

## Bristol-Myers Squibb Co (BMY)

Step 1, the Setup:

BUY BMY long or buy a call option with a 70 delta for 7-14 days, when price is anywhere between \$75.20 and \$74.90

Step 2, the stop loss:

Set a stop loss price \$1.00 below the entry price

Step 3, the profit target:

Consider taking profit if BMY rises \$0.50 per share higher.

Probabilities: For initial target from the entry provides a 66% probability of a win.



Click the link below if you cannot see the chart clearly.

[Bristol-Myers Squibb Co \(BMY\).png](#)

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## Micron Technology Inc (MU)

Step 1, the Setup:

Sell MU short or buy a put option with a 70 delta for 7-14 days, when price is anywhere between \$60.80 and 61.50

Step 2, the stop loss:

Set a stop loss price \$1.30 above the entry price

Step 3, the profit target:

Consider taking profit if MU falls \$0.90 per share lower.

Probabilities: For initial target from the entry provides a 60% probability of a win.



Click the link below if you cannot see the chart clearly.

[Micron Technology Inc \(MU\).png](#)

## Worthwhile Reading from the Past Week:

<https://www.reuters.com/markets/us/feds-daly-50-bps-or-75-bps-sept-rate-hike-reasonable-2022-08-18/> (Bearish to Neutral)

<https://www.reuters.com/markets/stocks/us-dollar-net-longs-rise-euro-shorts-hit-largest-since-february-2020-cftc-2022-08-19/> (Neutral)

<https://www.investing.com/news/stock-market-news/stock-market-today-dow-snaps-4week-win-streak-ahead-of-powell-next-week-2876790> (Bullish to Neutral)

-Blake Young