



Jagged Fall from Jackson Hole

All week long, equities rallied higher and higher ahead of Fed Chair Jerome Powell's comments from Jackson Hole Summit. On Thursday, many of the Federal Reserve members and other bankers attending the summit were very hawkish in their expectations of Powell's comments. They foreshadowed the comments which were aggressively hawkish.

Equities sold off in a jagged fall, prices tumbled like a rock slide, quick bounces but devastating moves lower. The comments from Chairman Powell indicate higher interest rates and sustained interest rates for a longer duration than previously expected. Additionally, Federal Reserve Member and Federal Reserve President of the Bank of Cleveland, Loretta Mester indicated that inflation is causing most of the current problems, that unemployment levels will rise and future growth will remain below trend for some time.

It is our interpretation that the return to positive Gross Domestic Product could take some time and we may not see a recovery in 2022 and possibly 2023. Perhaps the "soft landing" is off the table.

THE WEEK AHEAD

After a destructive drop to end the week, investors will be looking for confirmation of lower moves or confidence building economic reports to stabilize equity prices.

Next week will see employment data which is the life force of the economy. If jobs are good, spending continues in most markets. Unfortunately, analysts are already predicting slowing growth in new jobs and falling job openings.

Monday 08/29: FOMC member Brainard Speaks

Companies Reporting Before: PDD, CTLT

Companies Reporting After: none

Tuesday 08/30: Consumer Confidence Report, Job Openings and Labor Turnover Survey (JOLTS), FOMC Member Williams Speaks

Companies Reporting Before: BIDU, CRWD, HPE, BBY

Companies Reporting After: PVH

Wednesday 08/31: ADP Non-Farm Employment Change, FOMC Member Mester Speaks, Chicago Purchasing Managers Index (PMI)

Companies Reporting Before: BFb, OKTA

Companies Reporting After: COO

Thursday 09/01: Institute of Supply Management (ISM) Manufacturing PMI, Weekly Unemployment Claims

Companies Reporting Before: HRL, CPB

Companies Reporting After: AVGO, LULU

Friday 09/02: Non-Farm Employment Change, Average Hourly Earnings, Unemployment Rate

Companies Reporting Before: DOCU

Companies Reporting After: none

Forecast:

With the selloff in equities on Friday after a strong push higher, we are seeing multiple levels of support breached and more downside potential.

If employment data does not shore up investor confidence, we could see price reach new annual lows in September. Additionally, we will watch the U.S. dollar index as a counter equity signal. If the dollar continues to rise, expect equities to continue to fall.

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.)

The previous week's Profit Harvester, BMY sold off all week and triggered the stop. MU fell to and through our target but gapped past our entry, not triggering the initial bearish position.

For next week, we are looking at BA for a bullish trade and JNJ 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.

Boeing Co (BA)

Step 1, the Setup:

BUY BA long or buy a call option with a 70 delta for 7-14 days, when price is anywhere between \$163.00 and \$161.50

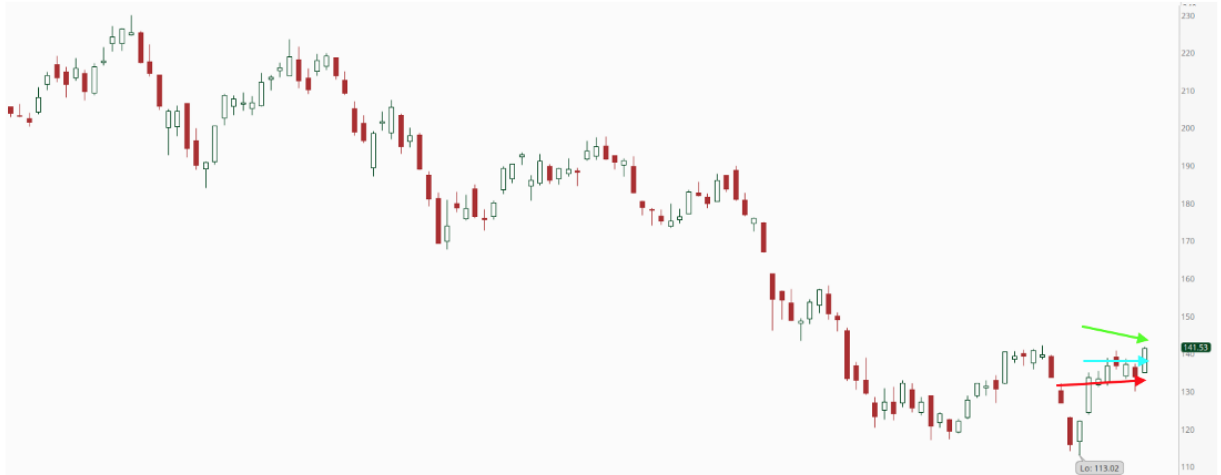
Step 2, the stop loss:

Set a stop loss price \$4.00 below the entry price

Step 3, the profit target:

Consider taking profit if BA rises \$3.00 per share higher.

Probabilities: For initial target from the entry provides a 57% probability of a win.



If you cannot see the chart clearly click the link below to download:

[Boeing Co \(B.A.\).png](#)

Johnson & Johnson (JNJ)

Step 1, the Setup:

Sell JNJ short or buy a put option with a 70 delta for 7-14 days, when price is anywhere between \$165.00 and \$166.00.

Step 2, the stop loss:

Set a stop loss price \$1.25 above the entry price

Step 3, the profit target:

Consider taking profit if JNJ falls \$0.95 per share lower.

Probabilities: For initial target from the entry provides a 57% probability of a win.



If you cannot see the chart clearly click the link below to download:

[Johnson & Johnson \(JNJ\).png](#)

Worthwhile Reading from the Past Week:

<https://www.reuters.com/markets/us/feds-bostic-powell-was-preparing-some-job-losses-fox-business-2022-08-26/> (Bearish)

<https://www.investing.com/news/stock-market-news/stock-market-today-dow-sheds-1000-points-as-tough-talking-powell-tanks-tech-2881169> (Bearish)

<https://www.forbes.com/sites/baldwin/2022/08/22/how-to-duck-market-crashes-the-buffett-shiller-method/?sh=4af8507a565e> (Bearish to Neutral)

-Blake Young