



Equities Up Every Day This Week

Monday was the 4th of July holiday and equities were closed. During the shortened week, equities closed higher each day. Prices returned to test the 4-week high but unable to break above and end the down trend.

This week's economic focus was on jobs data. The Job Opening and Labor Turnover Survey (JOLTS) reported 11.25 million job openings meaning there are nearly 2 times more jobs than people available to fill them.

Friday's Nonfarm Payroll outperformed expectations, reporting 372,000 jobs versus the expected 260,000.

The Federal Open Market Committee may see the continued job growth as justification to be more aggressive in tackling inflation.

Expectations are for another 75 basis points and the door is now open for a full 100 basis point hike at next week's meeting.

THE WEEK AHEAD

Next week begins earning season for this quarter. There will be several reports, primarily the banking and finance sector. Additionally, Consumer Price Index (CPI) and Producer Price Index (PPI) will be reported showing the previous month's inflation rate. If inflation continues to grow or even fail to show a slowdown with the previous rate hike, we assume the FOMC will be even more emboldened to get to a restrictive monetary policy.

Monday 07/11: none

Companies Reporting Before: none

Companies Reporting After: none

Tuesday 07/12: None

Companies Reporting Before: PEP

Companies Reporting After: none

Wednesday 07/13: Consumer Price Index (CPI) m/m, Core CPI m/m

Companies Reporting Before: FAST, DAL, PGR

Companies Reporting After: none

Thursday 07/14: Producer Price Index (PPI) m/m, Core PPI, Weekly Unemployment Claims, FOMC Member Waller Speaks

Companies Reporting Before: JPM, MS, CTAS, FRC, CAG

Companies Reporting After: none

Friday 07/15: Retail Sales, Core Retail Sales, Preliminary University of Michigan Consumer Sentiment, Empire State Manufacturing Index

Companies Reporting Before: UNH, BLK, C, WFC, USB, PNC, BK, STT

Companies Reporting After: none

Forecast

Historically, the first week of July has been a bullish week, this week was no different. Despite the bullish move, it appears to be a technical bounce on lighter volume and failing at resistance. We do not expect to see significant impact from higher interest rates on next week's inflation data which has us watching for prices to rollover and a renewed move lower.

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

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, KO filled the order and fell back but did not trigger the stop or reach the target. Consider moving the stop higher into the next week. TXN gapped down past all the entry prices and would have filled near 149 and gapped higher again.

For next week, we are looking at XLK for a bullish trade and looking at FCX 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.

SPDR Technology ETF (XLK)

Step 1, the Setup:

BUY XLK long or buy a call option with a 70 delta for 7-14 days, when price is anywhere between \$132.65 and \$132.00

Step 2, the stop loss:

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

Step 3, the profit target:

Consider taking profit if XLK rises \$0.85 per share higher.

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



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

[SPDR Technology ETF \(XLK\).png](#)

Freeport-McMoran Inc (FCX)

Step 1, the Setup:

Sell FCX short or buy a put option with a 70 delta for 7-14 days, when price is anywhere between \$28.40 and \$28.80

Step 2, the stop loss:

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

Step 3, the profit target:

Consider taking profit if FCX falls \$0.60 per share lower.

Probabilities: For initial target from the entry provides a 63% probability of a win.



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

[Freeport-McMoran Inc \(FCX\).png](#)

Worthwhile Reading from the Past Week

<https://www.reuters.com/markets/europe/futures-slip-ahead-june-jobs-data-2022-07-08/>
(Bearish to Neutral)

<https://www.forbes.com/sites/sergeiklebnikov/2022/06/07/the-economy-may-be-slowing-but-recession-fears-are-overblown-these-experts-argue/?sh=6ed7d0e639f1> (Bearish to Neutral)

<https://www.investing.com/news/stock-market-news/stock-market-today-dow-in-weekly-win-despite-slip-as-strong-jobs-fuel-fed-fears-2845477> (Neutral)

-Blake Young