



Continued Signs of Slowing

This past week was replete with missed expectations as signs of slowing economic growth. Final Gross Domestic Product (GDP) confirmed negative GDP solidifying the “technical recession”. Additionally, Consumer Confidence, Personal Consumption and Expenditure (PCE) and Institute of Supply Management (ISM) Manufacturing Purchasing Managers Index (PMI) all missed expectations indicating a slowdown in consumer demand and spending.

Equities sold off throughout the week but price was able to rally in the final 3 hours of trading to recover Wednesday, Thursday and Friday’s selling. The U.S. dollar rallied to retest multi-year highs while gold, silver, and copper fell to a new 6-month low.

THE WEEK AHEAD

Next week is a shortened week due to the 4th of July holiday. There will be no earnings of any significance next week. Despite the shortened week, it is the first week of the month and will report the jobs report and employment data. Additionally, the FOMC Meeting Minutes will be released.

Monday 07/04: July 4th Bank Holiday

Companies Reporting Before: none

Companies Reporting After: none

Tuesday 07/05: None

Companies Reporting Before: none

Companies Reporting After: none

Wednesday 07/06: Jobs Openings Labor Turnover Survey (JOLTS), FOMC Meeting Minutes, Institute of Supply Management (ISM) Services Purchasing Managers Index (PMI)

Companies Reporting Before: none

Companies Reporting After: none

Thursday 07/07: ADP Non-Farm Employment Change, Weekly Unemployment Claims, FOMC Member Bullard Speaks

Companies Reporting Before: none

Companies Reporting After: none

Friday 07/08: Average Hourly Earnings m/m, Non-Farm Employment Change, Unemployment Rate

Companies Reporting Before: none

Companies Reporting After: none

Forecast

Equities rolled over after the previous week's bounce and appears to be confirming a lower high and downtrend. Friday's bounce, however, could be a sign as a higher low and consolidation or a temporary pause.

Tuesday's price action above Friday's high should confirm the consolidation. A move below Friday's low should confirm the downtrend.

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, CRM filled the trade and fell to and through the support. BA filled the order and hit the profit target on Tuesday. For next week, we are looking at KO for a bullish trade and looking at TXN for 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.

Coca-Cola (KO)

Step 1, the Setup:

BUY KO long or buy a call option with a 70 delta for 7-14 days, when price is anywhere between \$64.25 and \$63.75

Step 2, the stop loss:

Set a stop loss price \$2.00 below the entry price

Step 3, the profit target:

Consider taking profit if KO rises \$1.20 per share higher.

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:

[Coca-Cola \(KO\).png](#)

Texas Instruments (TXN)

Step 1, the Setup:

Sell TXN short or buy a put option with a 70 delta for 7-14 days, when price is anywhere between \$149 and \$150.00

Step 2, the stop loss:

Set a stop loss price \$2.20 above the entry price

Step 3, the profit target:

Consider taking profit if TXN falls \$1.30 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:

[Texas Instruments \(TXN\).png](#)

Worthwhile Reading from the Past Week:

<https://www.reuters.com/markets/us/us-housing-hold-ups-put-thousands-jobs-line-2022-07-01/>
(Bearish to Neutral)

<https://www.forbes.com/sites/christopherhelman/2022/06/22/why-bidens-federal-gas-tax-holiday-would-be-bad-for-america/?sh=13c8095936b6> (Bearish to Neutral)

<https://www.investing.com/news/stock-market-news/stock-market-today-dow-rides-consumer-stocks-higher-to-make-strong-start-to-q3-2843308> (Bullish)