



Hello Students,

The earlier email did not include the trade rules. All previous emails have been sent with the trade rules, but we wanted to make sure that if you are new or not aware of those rules you are up to date.

U.S. Earnings Outperform while Economic Reports Underperform

The week's earnings report outperformed expectations nearly 80% of the reports. Despite earnings beats, revenues missed and guidance for future quarters was downgraded.

Each of the major U.S. economic reports missed expectations this week. Existing Home Sales, the Philly Fed Manufacturing Index and Flash Services Purchasing Managers Index all reported at their lowest level in more than 2 years.

The European Central Bank raised rates 50 basis points, higher-than-expected, to combat inflation. All but the Bank of Japan have now begun raising key interest rates to slow inflation.

The U.S. dollar fell back to support. Gold and silver bounced after reaching a new multi-year low.

THE WEEK AHEAD

There are more earnings reports next week than in the previous three weeks and we will get to see many of the large tech stocks. More importantly, we will see Advance Gross Domestic Product (GDP) and the Federal Open Market Committee (FOMC) rate decision. Both of these reports are highly impactful. If the FOMC raises rates by a full point, we expect equities to reach a new yearly low.

Monday 07/25: none

Companies Reporting Before: NEW, CDNS

Companies Reporting After: NXPI, ARE, BRO, PKG, WHR, FFIV, UHS

Tuesday 07/26: Consumer Confidence, Richmond Manufacturing Index

Companies Reporting Before: KO, MCD, UPS, RTX, V, GE, MMM, FISV, MCO, CNC, GM, ECL, KMB, ADM, MSCI, PHM, PNR, PCAR, GLW, ENPH, IEX, LW, ZION

Companies Reporting After: MSFT, GOOG, GOOGL, TXN, MDLZ, CB, SYK, CMG, EQR, AMP, FE, ESS, TER, UDR, BXP, JNPR

Wednesday 07/27: Federal Open Market Committee (FOMC), Federal Funds Rate, FOMC Press Conference, Durable Goods orders m/m, Core Durable Goods Orders m/m, Pending Home Sales m/m

Companies Reporting Before: TMUS, BMY, ADP, CME, BA, NOW, SHW, WM, HUM, KHC, APH, TEL HLT, ODFL, ROK, GRMN, TDY, AVY, IVZ, VRTX, LRCX, GD, NSC, BSX, HES, OTIS, GPC, ROL, IR, GNRC, CTXS

Companies Reporting After: META, QCOM, EQIX, F, ORLY, CTSH, AVB, DRE, ALGN, RJF, MAA, URI, CINF, HOLX, TYL, PTC, ETSY, RE, GL, FBHS

Thursday 07/28: Advanced Gross Domestic Product (GDP), Advanced GDP Price Index q/q, Weekly Unemployment Claims

Companies Reporting Before: MRK, TMO, CMCSA, LIN HON, AMT, MO, SO, AMZN, MA, PFE, CAT, NOC, KDP, XEL, TROW, DTE, WST, LH, WTW, MLM, SWK, IP, KIM, MAS, BEN, AOS, ALLE, BIDU, HSY, VLO, WBD, BAX, CARR, SIRI, EIX, FTV, CMS, LKQ, TXT, TFX, RCL, NLSN, MHK

Companies Reporting After: AAPL, INTC, EW, KLAC, LHX, DLR, AJG, DXCM, SGEN, HIG, VRSN, VFC, BIO, CE, EMN

Friday 07/29: Core Personal Consumption and Expenditure (PCE) Price Index m/m, Revised
University of Michigan Consumer Sentiment

Companies Reporting Before: XOM, ABBV, AZN, CHTR, PG, CVX, PSX, LYB, WY, GWW, COBE, NWL, CL, AON, WELL, ES, MTD, CHD, CTRA, SWKS

Companies Reporting After: none

Forecast

Equities rallied to a 6-week high before pulling back on Friday, likely indicating an over-aggressive bullish response considering the negative economic data. We expect more coiling in prices ahead of the FOMC meeting.

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, NFLX and INTC both gapped up and didn't fill the order but did run higher as expected, past the targets. For next week, we are looking at MO for a bullish

trade and GME 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 canceled.

Altria Group Inc (MO)

Step 1, the Setup:

BUY MO long or buy a call option with a 70 delta for 7-14 days, when price is anywhere between \$42.80 and \$42.60

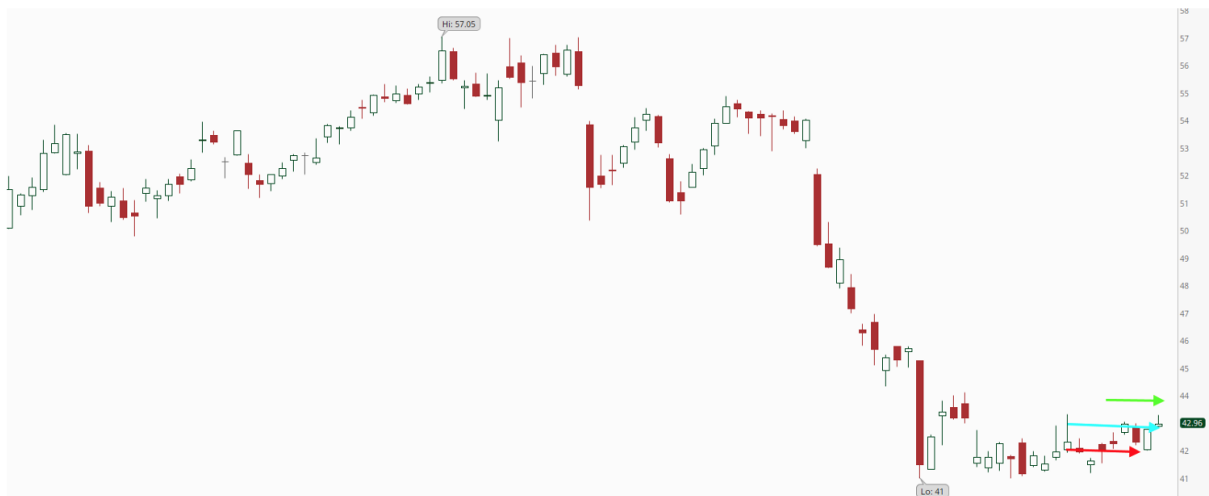
Step 2, the stop loss:

Set a stop loss price \$0.50 below the entry price

Step 3, the profit target:

Consider taking profit if MO rises \$0.30 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 the link below:

[Altria Group \(MO\).png](#)

Gamestop Corporation (GME)

Step 1, the Setup:

Sell GME short or buy a put option with a 70 delta for 7-14 days, when price is anywhere between \$36.45 and \$37.70

Step 2, the stop loss:

Set a stop loss price \$2.50 above the entry price

Step 3, the profit target:

Consider taking profit if GME falls \$1.25 per share lower.

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



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

[Gamestop Corp \(GME\).png](#)

Worthwhile Reading from the Past Week

<https://www.forbes.com/sites/jonathanponciano/2022/07/22/twitter-posts-surprise-270-million-loss-in-first-earnings-report-since-elon-musk-terminated-44-billion-takeover-deal/?sh=512ae39b54a4> (Bearish)

<https://www.reuters.com/markets/europe/wall-st-week-ahead-strong-dollar-looms-over-us-earnings-season-2022-07-22/> (Bearish to Neutral)

<https://www.reuters.com/markets/europe/sp-500-nasdaq-futures-fall-social-media-stocks-lead-d eclines-2022-07-22/> (Bearish to Neutral)

Blake Young

