



## The Week Ahead

### Economy and Inflation Growth Slows

Final Gross Domestic Product (GDP) and the Fed's favorite inflation indicator, Personal Consumption and Expenditure (PCE) Price Index both showed growth slowing. GDP which measures the overall growth and production of the U.S. economy, rose 2.6%. This is slightly slower than the previous quarter rate of 2.7%. The PCE Price Index also slipped from the previous 0.6% to 0.3%. Investors behaved as though the economic slowdown was a sign of less or no further rate hikes and drove equity prices to 6-week highs. The CME Fed Watch tool is now pricing 50/50 odds of no rate hike in May and a 80% probability of rate cuts by the end of the calendar year. The market pricing in lower interest rates is a sign of hope but also an indication of a potential recession.

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### THE WEEK AHEAD:

Next week will see Institute of Supply Management (ISM) Manufacturing Purchasing Managers Index (PMI) and Services PMI which are expected to show further signs of economic slowing. Additionally, we will see ADP and the Bureau of Labor and Statistics (BLS) employment reports. It is expected that both reports will show slowed higher and possibly an uptick in the unemployment rate.

Employment data is considered the most impactful monthly economic report.  
There are only 3 earnings of any significance next week.

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**Monday 04/03: OPEC Meetings, Institute of Supply Management (ISM)  
Manufacturing Purchasing Managers Index (PMI), ISM Manufacturing Prices**

**Companies Reporting Before:** none

**Companies Reporting After:** none

**Tuesday 04/04: Job Openings and Labor Turnover Survey (JOLTS) Job Openings**

**Companies Reporting Before:** none

**Companies Reporting After:** none

**Wednesday 04/05: ADP Non-Farm Payroll Employment Change, ISM Services  
PMI**

**Companies Reporting Before:** CAG

**Companies Reporting After:** none

**Thursday 04/06: Weekly Unemployment Claims**

**Companies Reporting Before:** STZ, LW

**Companies Reporting After:** none

**Friday 04/07: Average Hourly Earnings m/m, Non-Farm Payroll Employment  
Change, Unemployment Rate**

**Companies Reporting Before:** none

**Companies Reporting After:** none

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## Forecast:

The market and economy is dancing on the edge of hope for lower interest rates while hoping for a “soft landing” without seeing a significant recession. The problem is there are not any strong examples of soft landings after double digit inflation. We will continue to watch the inflation data and economic reports to see if the ideal situation can unfold without large layoffs and negative GDP.

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## 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)

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

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# Profit Harvester Trade

## Recommendations:

**(The following is intended for educational 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. CSCO filled the entry and blew past the target on Wednesday. WBD filled the short on Monday's open and reached the target in the first hour of trading. For next week, we are looking at F for a bullish trade and TH for a bearish trade. For all Profit Harvester examples, if the trade does not trigger within the first two trading days of next week, the trade is canceled.

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## Ford Motor Co (F)

Step 1, the Setup:

Buy F long or buy a call option with a 70 delta for 7-14 days, when price is anywhere between \$12.50 and \$12.25

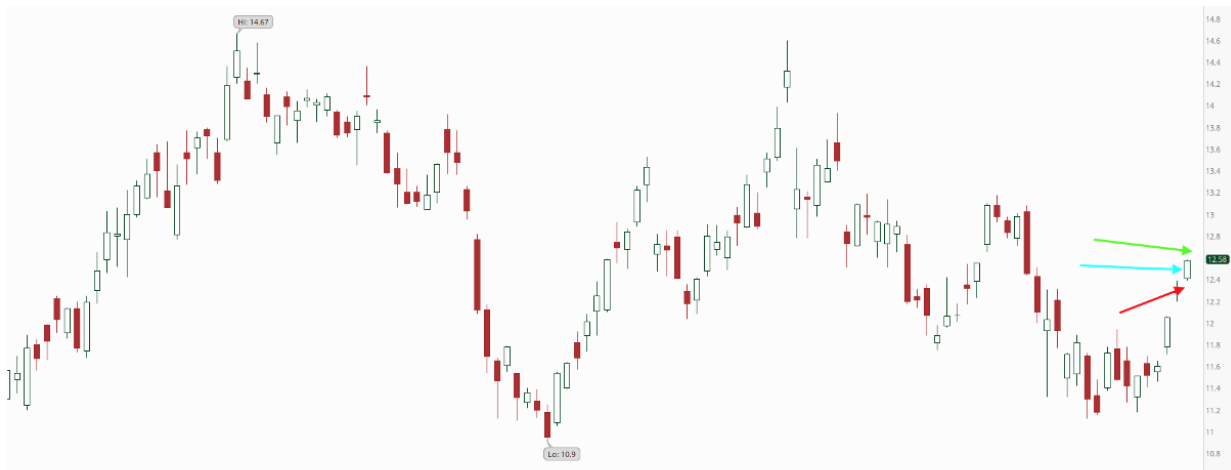
Step 2, the stop loss:

Set a stop loss price \$0.40 below the entry price

Step 3, the profit target:

Consider taking profit if F rises \$0.20 per share higher.

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



## Target Hospitality Corp (TH)

Step 1, the Setup:

Sell TH short or buy a put option with a 70 delta for 7-14 days, when price is anywhere between \$13.60 and \$14.10

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 TH falls \$0.55 per share lower.

Probabilities: For initial target from the entry provides a 65% probability of a win.



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## Worthwhile Reading from the Past Week:

<https://www.reuters.com/markets/us/futures-muted-investors-await-key-inflation-data-2023-03-31/> (Bullish)

<https://www.reuters.com/markets/us/us-consumer-spending-slows-february-inflation-cooling-2023-03-31/> (Bullish to Neutral)

<https://www.investing.com/news/stock-market-news/teslas-price-war-cheaper-cars-expected-to-drive-record-sales-3046724> (Bullish to Neutral)

*-Blake Young*