



Labor Market Remains Strong

The week's earnings reports were again mixed. With about 30% of the reports missing earnings or revenue projections or both.

More important than the earnings reports were the Institute of Supply Management Purchasing Managers Indexes and employment data. ISM Manufacturing and Services PMI both beat expectations and employment data showed an increase of 528,000 new jobs, more than double the expected 250,00 jobs. With manufacturing, services and employment not only remaining strong but continuing to grow, the economy remains resilient and demand remains high despite the rising rates and high inflation.

With these significant reports and strong economy, we might have expected directional moves in equities. Equities, surprisingly, closed on Friday almost perfectly flat for the week.

THE WEEK AHEAD

Next week there are very few earnings reports and few economic reports of interest. However, Consumer Price Index (CPI) and Producer Price Index (PPI) will be reported. CPI and PPI are key inflation indicators which will point to the Federal Reserve's efficacy in combating inflation.

If these reports show inflation higher than analyst expectations, we expect a correction in equities and rising expectations of a larger rate hike in September.

Monday 08/08: none

Companies Reporting Before: TSN, CTRS

Companies Reporting After: AIG, IFF, OKE, TTWO, PFG, NWS, NWSA

Tuesday 08/09: none

Companies Reporting Before: EMR, SYY, TDG, RL, NCLH

Companies Reporting After: WELL, AKAM, WYNN

Wednesday 08/10: Consumer Price Index (CPI) m/m, Core CPI m/m

Companies Reporting Before: FOXA, FOX, NTES

Companies Reporting After: DIS

Thursday 08/11: Producer Price Index (PPI) m/m, Core PPI m/m, Weekly Unemployment Claims

Companies Reporting Before: RMD, CAH

Companies Reporting After: ILMN

Friday 08/12: Preliminary University of Michigan Consumer Sentiment

Companies Reporting Before: BR

Companies Reporting After: none

Forecast

Equities traded in an extremely narrow range. The full week's range was less than the daily ranges in previous weeks. Considering the importance of the economic reports last week, it appears that the markets are repositioning and not willing to commit to a direction, possibly waiting for the impact of the Federal Reserve to be seen.

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, SU down and filled the order. Prices rallied initially through Wednesday and fell to stop out.

BIDU did not fill the trade by Tuesday's close. For next week, we are looking at TWTR for a bullish trade and SU 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.

Twitter Inc (TWTR)

Step 1, the Setup:

BUY TWTR long or buy a call option with a 70 delta for 7-14 days, when price is anywhere between \$42.05 and \$41.60

Step 2, the stop loss: Set a stop loss price \$1.00 below the entry price

Step 3, the profit target: Consider taking profit if TWTR rises \$0.70 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 the link below:

[Twitter Inc \(TWTR\).png](#)

Suncor Energy (SU)

Step 1, the Setup:

Sell SU short or buy a put option with a 70 delta for 7-14 days, when price is anywhere between \$30.90 and \$31.40

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 SU 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 the link below:

[Suncor Energy \(SU\).png](#)

Worthwhile Reading from the Past Week:

<https://www.investing.com/news/economy/futures-steady-ahead-of-monthly-jobs-data-2865038>
(Bearish)

<https://www.reuters.com/markets/us/us-job-growth-beats-expectations-unemployment-rate-fall-3-5-2022-08-05/> (Bullish)

<https://www.forbes.com/sites/kevindowd/2022/01/09/rising-interest-rates-could-bring-the-ipo-market-back-to-earth-after-a-record-breaking-2021/?sh=665fc90834f2> (Neutral)

-Blake Young