



## Markets Close Higher Despite Warnings

U.S. equities were able to rally and close higher for the first week in four. The rally was contrary to Fed Chair Jerome Powell's testimony before the Senate Banking Committee. Powell indicated that raising rates to combat inflation would not impact food and energy, a significant concern to consumers, and would negatively impact employment and the economy.

Purchasing Managers Index (PMI) data missed expectations, and Consumer Sentiment fell to 50, which is neutral to bearish. Despite the warnings and negative economic data, equities rallied on three of the four trading days in the shortened week. They gained 7% from the previous Friday's low.

## THE WEEK AHEAD

Although next week does not have a significant number of economic or earning reports, there will be additional catalysts to move the markets. Consumer Confidence PCE Price Index and ISM Manufacturing PMI will guide us on how consumers feel, what consumers are spending, and how manufacturing adapts to demands. Remember that consumer spending accounts for 65% of the U.S.

economy, and this data will likely have a significant impact. Some analysts feel that the PCE data reflects inflation and the inflation and a more direct impact of inflation on consumers.

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Monday 06/27: Durable Goods Orders m/m, Durable Goods Orders m/m, Pending Home Sales m/m

Companies Reporting Before: None

Companies Reporting After - NKE

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Tuesday 06/28: Consumer Confidence, Richmond Manufacturing Index

Companies Reporting Before: None

Companies Reporting After - None

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Wednesday 06/29: Fed Chair Powell Speaks at ECB Forum, FOMC Member Mester Speaks, Final Gross Domestic Product (GDP)

Companies Reporting Before: PAYX, GIX, MKC

Companies Reporting After - None

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Thursday 06/30: Core Personal Consumption and Expenditure Price Index m/m. Weekly Unemployment Claims

Companies Reporting Before: M.U., STZ, WBA

Companies Reporting After - None

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Friday 07/01: Institute of Supply Management Purchasing Managers Index (PMI)

Companies Reporting Before: none

Companies Reporting After - none

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## Forecast

Equities aggressively bounced off the lows on negative economic data. The bounce filled the gap down from the previous week and maybe a technical bounce or what some would consider short

covering. We see that price has now recovered to a key point of inflection. We are likely to see a retest of the low or a rally up similar to this week. In either case, we expect a sizeable range in next week's trading.

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**For the Profit Harvester Trade recommendations below, 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)
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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.)

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In the previous week's Profit Harvester, J.D. gapped down and fell through the stop only to trade flat for the week. HSBC gapped above the entry price, not triggering the order before Tuesday. Next week, we are looking at CRM and B.A. for bullish trades; there were no bearish signals on Friday. For all of the Profit Harvester examples, the trade is canceled if the trade does not trigger within the first two trading days of next week.

### **SalesForce Inc (CRM)**

Step 1, the Setup:

BUY CRM long or buy a call option with a 70 delta for 7-14 days, when the price is anywhere between \$183.00 and \$180.00

Step 2, the stop loss:

Set a stop-loss price of \$6.00 below the entry price

Step 3, the profit target:

Consider taking profit if CRM rises by \$3.25 per share higher.

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



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

[SalesForce Inc \(CRM\).png](#)

## Boeing Co (B.A.)

Step 1, the Setup:

Buy B.A. long or buy a call option with a 70 delta for 7-14 days, when the price is anywhere between \$140.40 and \$139.00

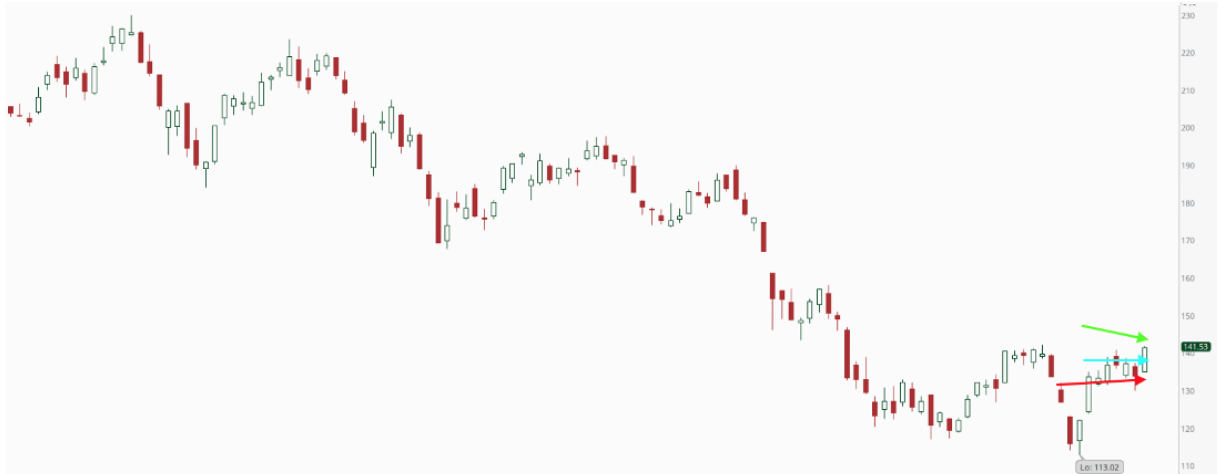
Step 2, the stop loss:

Set a stop-loss price of \$3.20 below the entry price

Step 3, the profit target:

Consider taking profit if B.A. rises by \$2.30 per share lower.

Probabilities: For initial target from the entry provides a 59% probability of a win.



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

[Boeing Co \(B.A.\).png](#)

**Worthwhile Reading from the Past Week:**

<https://www.bloomberg.com/news/articles/2022-06-23/stocks-set-for-steady-asia-open-amid-bo-nd-rally-markets-wrap?srnd=markets-vp> (Bullish)

<https://www.reuters.com/markets/europe/global-markets-wrapup-1-2022-06-24/> (Bullish to Neutral)

<https://www.forbes.com/sites/jonathanponciano/2022/06/24/new-home-sales-unexpectedly-rise-but-housing-market-still-cratering-heres-when-experts-predict-prices-will-fall/?sh=1ca6a25acfe8> (Neutral)

**Blake Young**