



## Employment Data Mixed but Remains Strong

Economic data remained strong throughout the week. Consumer confidence jumped to the highest level in months, while employment data was mixed but still strong.

Job Openings Labor Turnover Survey (JOLTS) rallied to the 3rd highest level in history. Non-Farm employment rose again, showing 315,000 new jobs. Average Hourly Earnings rose but at a slower level. Hourly earnings increased by 0.3%, roughly 1/3rd of the month's inflation rate. Equities closed down nearly 3% as expectations of higher interest rates continued to be priced into equities and bonds.

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### THE WEEK AHEAD:

Next week is a very light week in economic reports. The two significant reports are the Institute of Supply Management (ISM) Services Purchasing Managers Index (PMI) and Federal Chair Jerome Powell's speech at Cato Institute's Annual Monetary Conference.

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Monday 09/05: Labor Day Bank Holiday, OPEC-JMMC Meetings

Companies Reporting Before: none

Companies Reporting After: none

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Tuesday 09/06: ISM Services PMI, Final Services PMI

Companies Reporting Before: none

Companies Reporting After: none

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Wednesday 09/07: FOMC Member Mester Speaks, FOMC Member Brainard Speaks

Companies Reporting Before: none

Companies Reporting After: CPRT

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Thursday 09/08: Fed Chair Jerome Powell Speaks, Weekly Unemployment Claims

Companies Reporting Before: none

Companies Reporting After: ZS

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Friday 09/09: FOMC Member George Speaks, FOM Member Waller Speaks

Companies Reporting Before: KR

Companies Reporting After: none

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### Forecast:

Equities have fallen to a 5-week low and the major indexes are approaching the annual low. The S&P is off the highs approximately 16% and only 8% off the annual lows.

The U.S. dollar remains strong and has reached a new 20-year high. As long as the U.S. dollar remains high and interest rates are climbing, we expect more hedging and movement into cash.

Next Monday is a bank holiday in the U.S. and there are only a few earnings reports. Earnings season will kick off in 2 weeks and we will likely see a return to higher volumes now summer is officially over.

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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 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.)**

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The previous week's Profit Harvester, BA gapped down on Monday, filled the order and hit the target before the end of day. JNJ did move lower as expected but gapped down to start the week missing our entry trigger price. For next week, we are looking at COP for a bullish trade and SBUX 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.

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## ConocoPhillips (COP)

Step 1, the Setup:

BUY COP long or buy a call option with a 70 delta for 7-14 days, when price is anywhere between \$109.25 and \$108.25

Step 2, the stop loss:

Set a stop loss price \$1.50 below the entry price

Step 3, the profit target:

Consider taking profit if COP rises \$1.00 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:

[ConocoPhillips \(COP\).png](#)

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## Starbucks Corp (SBUX)

Step 1, the Setup:

Sell SBUX short or buy a put option with a 70 delta for 7-14 days, when price is anywhere between \$83.50 and \$84.50

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 SBUX falls \$0.65 per share lower.

Probabilities: For initial target from the entry provides a 61% probability of a win.



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

[Starbucks Corp \(SBUX\).png](#)

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**Worthwhile Reading from the Past Week:**

<https://www.investing.com/news/stock-market-news/stock-market-today-dow-extends-weekly-sump-as-europe-energy-concerns-dent-stocks-2885388> (Bearish)

<https://www.reuters.com/business/energy/russia-scraps-gas-pipeline-reopening-stoking-european-fears-2022-09-02/> (Bearish)

<https://www.forbes.com/newsletters/the-option-strategist/2022/09/02/bears-still-in-charge/?sh=750d9f7b8de9> (Bearish)

**-Blake Young**