



Market Brushes Off Fed Statement

This past week the focus was on the Federal Reserve rate decision and the press conference after the statement. During the press conference, Fed Chair Jerome Powell indicated that the Fed was not looking at pivoting to an accommodative policy and would continue to raise rates.

The expected target interest rate is likely higher than what was previously expected. The Fed further indicated that they would hold rates at a higher level for some time. It would have economists expecting a selloff in equities and a new high in bond yields. It appeared that prices were going to move that way. Still, on Friday, the markets brushed off the news and Fed stance, pushing equities and commodities higher and the U.S. dollar to a multiweek low.

THE WEEK AHEAD:

Next week sees a dramatic drop in economic and earnings reports, despite only a few key economic indicators. We will see the Consumer Price Index (CPI), which will likely confirm that inflation is still hot. Assuming CPI is high, this is only further justification for an already hawkish fed to keep raising rates.

Sunday 11/06: Daylight Saving Time Change

Monday 11/07: FOMC Member Mester Speaks

Companies Reporting Before: IFF, VTRS, NI
Companies Reporting After: ATVI, FANG

Tuesday 11/08: Midterm Congressional Elections

Companies Reporting Before: PXD, EMR, CEG, EXPD, LNT, JKHY, TPR
Companies Reporting After: DIS, OXY

Wednesday 11/09: none

Companies Reporting Before: DHI, WYNN
Companies Reporting After: ATO

Thursday 11/10: Consumer Price Index (CPI), Core CPI, Weekly Unemployment Claims,
FOMC Member Mester Speaks, FOMC Member George Speaks

Companies Reporting Before: AZN, TTWO, NRG, WRK, RL
Companies Reporting After: none

Friday 11/11: Veteran's Day Bank Holiday, Preliminary University of Michigan (UoM)
Consumer Sentiment, Preliminary UoM Inflation Expectations

Companies Reporting Before: none
Companies Reporting After: none

Forecast:

Friday's rally was a significant repositioning despite the Fed providing a more hawkish tone. There are definitely larger trade going on at these key levels and we may be going into more range bounce trading through the remainder of the calendar year.

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.

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, BBY triggered the trade and reached the target on Monday. SLB triggered the short and triggered the stop on Tuesday on the gap at the open before to our target.

For next week, we are looking at AMAT for a bullish trade and CRM for bearish trades. 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.

Applied Materials Inc (AMAT)

Step 1, the Setup:

Buy AMAT long or buy a call option with a 70 delta for 7-14 days, when price is anywhere between \$89.00 and \$90.00

Step 2, the stop loss:

Set a stop loss price \$2.00 below the entry price

Step 3, the profit target:

Consider taking profit if AMAT rises \$1.00 per share higher.

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:

[Applied Materials Inc \(AMAT\).png](#)

SalesForce Inc (CRM)

Step 1, the Setup:

Sell CRM short or buy a put option with a 70 delta for 7-14 days, when price is anywhere between \$140.25 and \$142.50

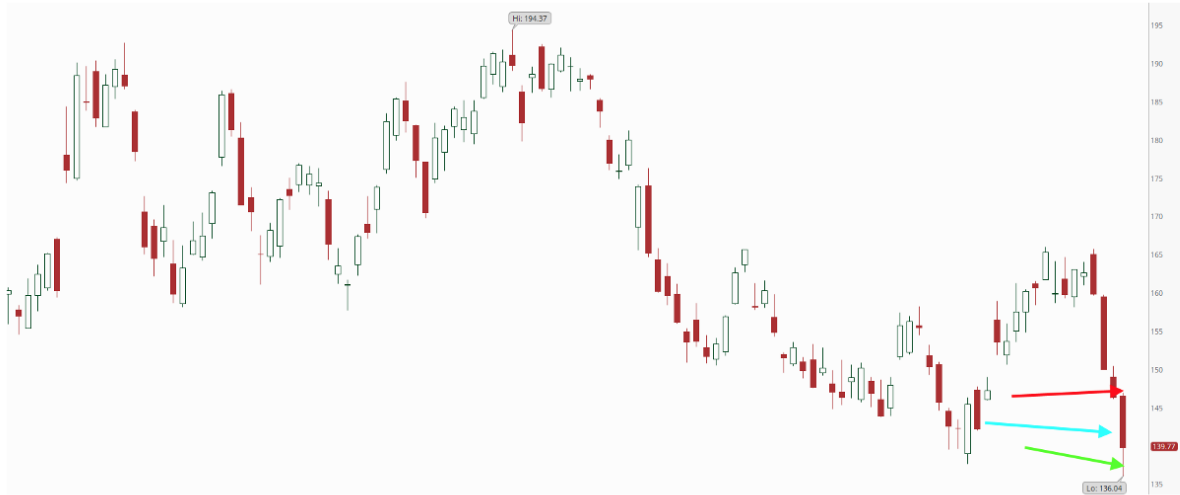
Step 2, the stop loss:

Set a stop loss price \$5.00 above the entry price

Step 3, the profit target:

Consider taking profit if CRM falls \$3.00 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:

[SalesForce Inc \(CRM\) 1.png](#)

Worthwhile Reading from the Past Week:

<https://www.reuters.com/markets/global-markets-bofa-urgent-2022-11-04/> (Bearish to Neutral)

<https://www.forbes.com/sites/jonathanponciano/2022/11/02/fed-chair-jerome-powell-haunted-by-the-ghost-of-paul-volcker-could-tank-the-economy/?sh=6615f28b4e14> (Bearish)

<https://www.bloomberg.com/news/articles/2022-11-03/stocks-face-headwinds-from-renewed-recession-fears-markets-wrap?srnd=markets-vp> (Bullish to Neutral)

-Blake Young