

Mixed Inflation Week

This week was all about inflation. Consumer Price Index (CPI) was expected to come in at -0.1% but instead reported at 0.1% and Core CPI reported higher at 0.6%. Producer Price Index was mixed with headline inflation at -0.1% while Core PPI at 0.4%. Retail Sales reported 0.3% which was higher-than-expected. Core Retail Sales fell to -0.3%. Although the performance was mixed, the consensus is that inflation and retail sales will justify further rate hikes and larger inflation hikes next week and the other Fed meetings this year.

THE WEEK AHEAD:

Next week is a highly important economic week focusing primarily on the Federal Reserve rate decision and statement. Analysts are indicating that 75-basis points is a guarantee and there is a probability of a 100-basis point hike. Earnings are beginning to increase with the size of the companies but are still early into earnings season.

Monday 09/19: none

Companies Reporting Before: AZO

Companies Reporting After: none

Tuesday 09/20: none

Companies Reporting Before: none

Companies Reporting After: none

Wednesday 09/21: Federal Open Market Committee (FOMC) Rate Decision, FOMC Statement, FOMC Press Conference, FOMC Economic Projections, Existing Home Sales

Companies Reporting Before: GIS

Companies Reporting After: LEN

Thursday 09/22: Weekly Unemployment Claims

Companies Reporting Before: ACN, FDS, DRI

Companies Reporting After: COST

Friday 09/23: Flash Purchasing Managers Index (PMI), Fed Chair Powell Speaks, Flash Manufacturing PMI

Companies Reporting Before: KR

Companies Reporting After: none

Forecast

Restrictive, hawkish monetary policy is in place across the world and we can expect economic slowdown which will lead to a slowdown in inflation. The danger lies in too aggressive of an attack on inflation and we could see disinflation or deflationary prices which usually accompanies economic turmoil. If the monetary policy is not aggressive enough, we could see stagflation with rising process and a contracting economy. If the sweet spot is not found, we should plan for negative GDP and a recession.

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, COP missed the entry by 32 cents and continued climbing well past our target. DVN triggered our short and missed the target by 2 cents. For next week, we are looking at MDLZ for a bullish trade and CRM 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.

Mondelez Int Inc (MDLZ)

Step 1, the Setup:

BUY MDLZ long or buy a call option with a 70 delta for 7-14 days, when price is anywhere between \$60.10 and \$59.90

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 MDLZ rises \$0.60 per share higher.

Probabilities: For initial target from the entry provides a 63% probability of a win.



If you cannot see the chart clearly click link below:

[Mondelez Int Inc \(MDLZ\).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 \$151.60 and \$152.20

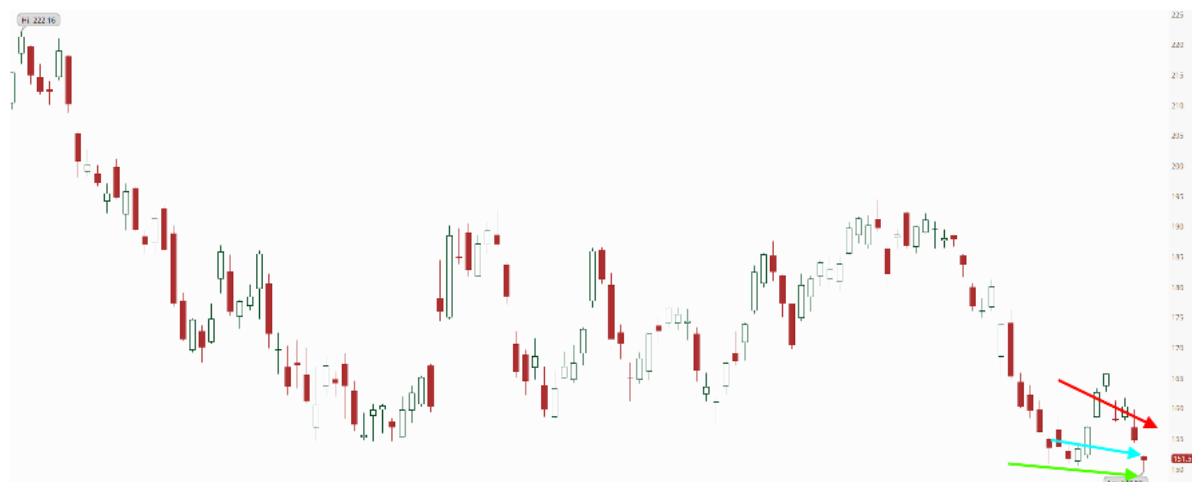
Step 2, the stop loss:

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

Step 3, the profit target:

Consider taking profit if CRM falls \$1.00 per share lower.

Probabilities: For initial target from the entry provides a 60% probability of a win.



If you cannot see the chart clearly click link below:

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

Worthwhile Reading from the Past Week:

[Wall St drops to two-month lows as recession fears mount | Reuters](#) (Bearish)

[Rising Interest Rates Could Bring The IPO Market Back To Earth After A Record-Breaking 2021 \(forbes.com\)](#) (Bearish to Neutral)

[Stock Market Today: Dow in Big Weekly Loss as FedEx Warning Stokes Growth Fears By Investing.com](#)(Bearish)