



The Week Ahead

Two Flat Weeks to Finish Year

This past week was a week of repositioning on light volume. We believe that institutional investors repositioned their portfolios last week and early this week and retail investors were the driving force behind the final two days of trading. There was no major economic reports or earnings to impact trading. Without any major driving forces to push prices into a directional move, it was little surprise to see the past two weeks trading flat. Volume was about half of average in the past week and average volume has also dropped to half of what it was in October.

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Monday 01/02: Bank Holiday

Companies Reporting Before: none

Companies Reporting After: none

Tuesday 01/03: None

Companies Reporting Before: None

Companies Reporting After: None

Wednesday 01/04: Institute of Supply Management Purchasing Managers Index (ISM PMI), Job Openings and Labor Turnover Survey (JOLTS) Job Openings, Federal Open Market Committee (FOMC) Meeting Minutes

Companies Reporting Before: none

Companies Reporting After: none

Thursday 01/05: ADP Non-Farm Employment Change, Weekly Unemployment Claims

Companies Reporting Before: STZ, WBA, CAG, LW

Companies Reporting After: none

Friday 01/06: Average Hourly Earnings, Non-Farm Employment Change,
Unemployment Rate, ISM Services PMI

Companies Reporting Before: none

Companies Reporting After: none

Forecast:

In regard to a new calendar year, there is an adage of “how the first week goes the year”. Although this is an interesting thought, we expect bullishness in the first week and we would alter the saying to how the first earnings season goes the first year. Be aware there are numerous recession signals and continued inflation and higher rates to price in after the initial inflow of capital.

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)

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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.)

The previous week's Profit Harvester, HAL triggered the bullish entry on Wednesday. Depending on your fill price you would have been stopped out by 15 cents or missed being stopped out by 9 cents and reached the target on Friday. LI triggered the short on Wednesday's open and reached the target within 20 minutes. For next week, we are looking at SU for a bullish trade and TSM for a bearish trade. For all Profit Harvester examples, if the trade does not trigger within the first two trading days of next week, the trade is canceled.

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Suncor Energy (SU)

Step 1, the Setup:

Buy SU long or buy a call option with a 70 delta for 7-14 days, when price is anywhere between \$31.65 and \$31.50

Step 2, the stop loss:

Set a stop loss price \$0.40 below the entry price

Step 3, the profit target:

Consider taking profit if SU rises \$0.20 per share higher.

Probabilities: For initial target from the entry provides a 67% probability of a win.



Taiwan Semiconductor Manufacturing (TSM)

Step 1, the Setup:

Sell TSM short or buy a put option with a 70 delta for 7-14 days, when price is anywhere between \$72.25 and \$74.85

Step 2, the stop loss:

Set a stop loss price \$1.25 above the entry price

Step 3, the profit target:

Consider taking profit if TSM falls \$0.90 per share lower.

Probabilities: For initial target from the entry provides a 55% probability of a win.



Worthwhile Reading from the Past Week:

<https://www.investing.com/news/economy/inflation-chinas-covid-bounce-teetering-crypto-whatll-move-markets-in-2023-2968312> (Bearish to Neutral)

[New Fed research flags rising risk of U.S. recession | Reuters](#) (Bearish)

[Global equity funds see outflows for an eighth straight week | Reuters](#) (Bearish)

-Blake Young