



## U.S. Dollar Rejects Multi-Decade High

The U.S. dollar index (\$DXY) reached a 21-year high before falling nearly 3% from Wednesday's high to Friday's low. Equities held near the annual lows. The S&P tested a new low for the year and sold off with rising volume. Economic data was mixed this past week. Consumer Confidence rose and was better-than-expected while Consumer Sentiment from the University of Michigan missed expectations. New Home Sales jumped nearly 33% higher than analysts' projections and the previous month's data yet pending home sales fell 2%. Not only was the data mixed, the reports were conflicting. Additionally, Personal Consumption and Expenditure (PCE) Price Index showed inflation growing faster than the previous week's CPI data. Based on reports, we appear to be at an inflection point for the U.S. economy.

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## THE WEEK AHEAD:

Next week is the first week of the new month. During the first week of each month, we see employment data. Employment has been the confirmation of a strong economy but also justification for the Federal Reserve to continue to raise rates to combat inflation. Employment is expected to remain strong but show a slowdown in new hires.

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Monday 10/03: Institute of Supply Management (ISM) Manufacturing Purchasing Managers Index (PMI)

Companies Reporting Before: none

Companies Reporting After: none

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Tuesday 10/04: Job Openings Labor Turnover Survey (JOLTS), Federal Open Market Committee

Companies Reporting Before: none

Companies Reporting After: none

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Wednesday 10/05: OPEC Meetings, OPEC-JMMC Meetings, ADP Non-Farm Employment Change, ISM Services PMI

Companies Reporting Before: none

Companies Reporting After: none

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Thursday 10/06: FOMC Member Waller Speaks, FOMC Member Mester Speaks, Weekly Unemployment Claims

Companies Reporting Before: STZ, MKC, CAG, LW

Companies Reporting After: none

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Friday 10/07: Non-Farm Employment Change, Average Hourly Earnings, Unemployment Rate

Companies Reporting Before: none

Companies Reporting After: none

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## Forecast:

Inflation has not seemed to respond to the interest rate hikes in the U.S. and from central banks around the globe which will likely see additional rate hikes before the end of the year. With rising rates and a fairly resilient U.S. economy, the markets could move either way. We expect to see a bounce of 5-10% if we see equities stabilize. If equities clear the recent lows, we expect to see equities fall another 10% or more.

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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.)**

The previous week's Profit Harvester, CVS and COP both triggered the bearish entry and reached the price target by Tuesday. For next week, there are no bullish trades again. We are looking at FCX and FCX 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.

### Freeport-McMoran Inc (FCX)

Step 1, the Setup:

Sell FCX short or buy a put option with a 70 delta for 7-14 days, when price is anywhere between \$27.20 and \$27.60

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 FCX falls \$0.50 per share lower.

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:

[Freeport-McMoran Inc \(FCX\).png](#)

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## Boston Scientific Corp (BSX)

Step 1, the Setup:

Sell BSX short or buy a put option with a 70 delta for 7-14 days, when price is anywhere between \$38.85 and \$39.35

Step 2, the stop loss:

Set a stop loss price \$0.75 above the entry price

Step 3, the profit target:

Consider taking profit if BSX falls \$0.40 per share lower.

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



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

[Boston Scientific Corp \(BSX\).png](#)

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## Worthwhile Reading from the Past Week:

<https://www.reuters.com/markets/europe/futures-edge-higher-ahead-key-inflation-data-2022-09-30/> (Bearish)

<https://www.reuters.com/markets/europe/global-markets-flows-urgent-2022-09-30/> (Bearish to Neutral)

[Gold Hits Week High, Despite Crash and Burn for September and Q3 By Investing.com](#) (Bearish to Neutral)