



Hello All,

I hope you are having a great and safe Memorial Day Weekend! We thought you might enjoy an article written by our associate Blake Young as a bonus to your education. The information provided is not a Chuck Hughes strategy. Still, we are confident as your progress as a trader; you will find this information very beneficial. It never hurts to get other perspectives from others as well.

Minutes Show Fed is Willing to Adapt

Excluding weekly new unemployment filings, every U.S. economic report missed expectations or met expectations this week, showing continued economic slowing and a diminishing outlook for the future. Despite the fading reports and a confirmed negative Gross Domestic Product number, equities rallied 4 of the five trading days. The most significant lift on Thursday is accredited to The Federal Reserve Minutes, which didn't reveal an aggressive, hawkish tone. The minutes did not say the Fed was dovish or would be less aggressive. Still, the markets interpreted the data as a willingness to adapt. Friday saw follow through on what analysts expected for Personal Consumption and Expenditure. Investors took this "at expectations" report as spending continues and there is hope for the economy. The problem is the stable demand will continue to feed inflation.

THE WEEK AHEAD

Next week starts the Memorial Day holiday and a shortened week going into the summer. The first week of June will report Non-Farm Payroll data. Jobs data is the life force of an economy. The monthly report arguably has the most significant impact on investor sentiment of all other monthly reports. Earnings reports are few and far between this week, with CRM being the single large market cap company reporting.

Monday 05/30: Memorial Day Holiday

Companies Reporting Before - None

Companies Reporting After - None

Tuesday 05/31: FOMC Member Waller Speaks, CB Consumer Confidence

Companies Reporting Before - HPQ

Companies Reporting After - CRM

Wednesday 06/01: Institute of Supply Management (ISM) Manufacturing Purchasing Managers Index (PMI). Job Openings and Labor Turnover Survey (JOLTS), FOMC Member Bullard Speaks

Companies Reporting Before: HPE

Companies Reporting After - NTAP, PVH

Thursday 06/02: ADP Non-Farm Employment Change, OPEC-JMMC Meetings, Weekly Unemployment Claims, FOMC Member Master Speaks.

Companies Reporting Before: HRL, LULU

Companies Reporting After - COO

Friday 06/03: Average Hourly Earnings m/m, Non-Farm Employment Change, Unemployment Rate, Treasury Currency Report, ISM Services PMI

Companies Reporting Before: CRWD, DOCU

Companies Reporting - none

FORECAST

Despite the rally of 10% off the lows after establishing support and four weeks of consolidation, the economic data is still consistently missed. Spending remains high, indicating rising inflation and a slowing economy which points to stagflation as a likely outcome. This week's rally will likely fade into next week. We expect volume to decline as well.

Profit Harvester Trade Recommendations:

For the Profit Harvester Trade recommendations below, 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 "fair price" or projected 50% level on the new distribution for the next day. (I hand calculated this on Friday after close)

If the trade does not pull back to an entry price, bearish or bullish, by Tuesday's close, do not enter the trade.

(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.)

Delta Airlines (DAL)

Step 1 - The Setup:

BUY DAL long or buy a call option with a 70 delta for 7-14 days, when the price is anywhere between \$41.90 and \$41.60

Step 2 - The stop loss:

Set a stop-loss price of \$0.85 below the entry price

Step 3 - The profit target:

Consider taking profit if DAL rises by \$0.40 per share higher.

Probabilities: The initial target from the entry provides a 68% probability of winning.



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

[DELTA \(DAL\).png](#)

General Electric (GE)

General Electric (GE)

Step 1- The Setup:

BUY GE long or buy a call option with a 70 delta for 7-14 days, when the price is anywhere between \$78.80 and \$78.40

Step 2 - The stop loss:

Set a stop-loss price of \$1.00 below the entry price

Step 3 - The profit target:

Consider taking profit if GE rises by \$0.60 per share higher.

Probabilities: The initial target from the entry provides a 63% probability of winning.



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

[General Electric \(GE\).png](#)

Worthwhile Reading from the Past Week

<https://www.investing.com/news/stock-market-news/futures-inch-up-ahead-of-economic-data-gap-slumps-on-outlook-cut-2830955> (Bulish)

<https://www.reuters.com/markets/europe/global-markets-wrapup-1-2022-05-27/> (Bullish)

<https://www.bloomberg.com/news/articles/2022-05-26/asia-stocks-set-to-track-us-gains-dollar-declines-markets-wrap?srnd=premium> (Bullish)

Again, I hope you enjoy the bonus material.

All the best,

Kurt