



Equities Continue to Run on Earnings Misses and Higher Rates

The week's earnings reports were mixed with some of the larger, mega-cap companies missing earnings and revenues. Microsoft (MSFT), Alphabet (GOOG, GOOGL), T-Mobile (TMUS), Sherwin-Williams, Meta Platforms (META), Amazon (AMZN), and Intel (INTC) all missed earnings, revenues or both.

Additionally, the Federal Reserve raised rates 75 basis points and indicated they would be committed to fight inflation. Personal Consumption and Expenditure (PCE) rose again, further confirming high inflation. Despite the missed earnings and rising rates, equities climbed 5% during the week and closed near 3-month highs.

THE WEEK AHEAD

There will continue to be a significant number of earnings reports. Additionally, there will be important manufacturing data and employment data. Employment data is reported the first week of each month. A solid employment report should add justification for the Federal Reserve to continue to aggressively combat inflation.

Monday 08/01: Institute of Supply Management (ISM) Manufacturing Purchasing Managers Index (PMI)

Companies Reporting Before: GPN, J, L

Companies Reporting After: ATVI, WMB, DVN, SPG, AFL, SBAC, ANET, FANG, MPWR, CF, MOS, DVA, VNO

Tuesday 08/02: Job Openings and Labor Turnover Survey (JOLTS) Job Openings, Federal Open Market Committee (FOMC) Member Bullard Speaks

Companies Reporting Before: SPGI, CAT, ITW, CM, MPC, ETN, MAR, IDXX, PEG, WEC, DD, AME, BZH, OT, INCY, XYL, TAP, HSIC, SEE, IPGP, WAT, SEDG, ZBRA, EXPD, LDOS

Companies Reporting After: AMD, PYPL, SBUX, GILD, ABNB, OXY, MCHP, PRU, EA, VRSK, EXR, CTRA, MTCH, PAYC, PEAK, FMC, AIZ, CZR

Wednesday 08/03: ISM Services PMI

Companies Reporting Before: CVS, MRNA, REGN, ABC, ETR, GNRC, NI, PNW, UAA, UA, FTNT, MELI, YUM, TT, LCID, CDW, PPL, LUMN, BWA, WYNN

Companies Reporting After: BKNG, MET, MCK, O, ALL, ALB, EBAY, ANSS, IR, MRO, CLX, FLT, ATO, MGM, HST, APA, QRVO, LNC, CDAY

Thursday 08/04: Weekly Unemployment Claims, FOMC Member Mester Speaks

Companies Reporting Before: LLY, COP, CI, DUK, BDX, AMGN, ZTS, BDX, FIS, APD, SRE, PH, DDOG, CBRE, K, BALL, VMC, PWR, PKI, EVRG, PARA, HWM, TECH, IRM, WRK, HII, FRT, PENN, ICE, JCI, AAPT, AEE, CEG, EPAM, FOXA, FOX, ABMD, NWS, NRG, OGN, XRAY, DXC

Companies Reporting After: VRTX, PSA, TEAM, RSG, CTVA, MSI, WBD, CTR, LYV, SWKS, EXPE, LNT, NLOK, REG

Friday 08/05: Average Hourly Earnings m/m, Non-Farm Payroll Employment Change, Unemployment Rate

Companies Reporting Before: EOG, WAB, WDC, TRMB, NCLH

Companies Reporting After: BRKb

Forecast

Equities rallied to a 6-week high before pulling back on Friday, likely indicating an over-aggressive bullish response considering the negative economic data. We expect more coiling in prices ahead of the FOMC meeting.

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, MO gapped up and went well past the target but did not pullback enough for the initial entry level. GME similarly gapped down and ran past its target without filling the order. For next week, we are looking at SU for a bullish trade and BIDU 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.

Suncor Energy Inc (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 \$33.25 and \$32.25

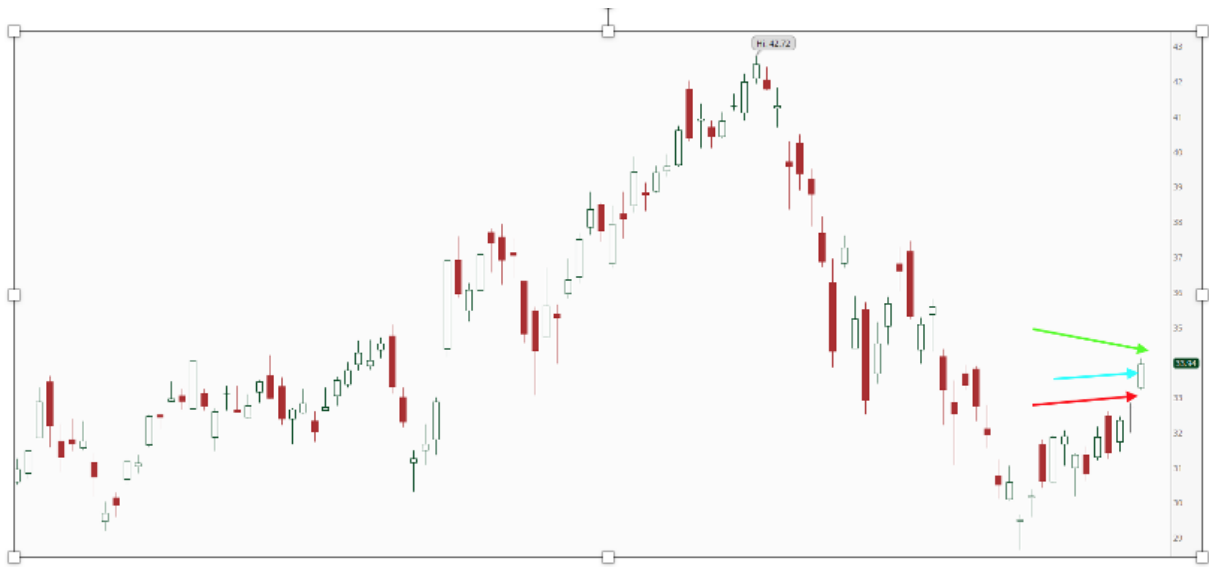
Step 2, the stop loss:

Set a stop loss price \$2.50 below the entry price

Step 3, the profit target:

Consider taking profit if SU rises \$1.25 per share higher.

Probabilities: For initial target from the entry provides a 66% probability of a win.



Can't see the chart clearly? Click the link below.

[Suncor Energy Inc \(SU\).png](#)

Baidu Inc ADR (BIDU)

Step 1, the Setup:

Sell BIDU short or buy a put option with a 70 delta for 7-14 days, when price is anywhere between \$137.20 and \$140.25

Step 2, the stop loss:

Set a stop loss price \$8.00 above the entry price

Step 3, the profit target:

Consider taking profit if BIDU falls \$5.50 per share lower.

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



Cant see the chart clearly? Click Below:

[Baidu Inc ADR \(BIDU\).png](#)

Worthwhile Reading from the Past Week

[Stock Market Today: Dow in Best Month Since 2020 as Big Tech Powers Ahead By Investing.com](#)
(Bullish)

[Speculators' net long bets on USD trimmed -CFTC, Reuters | Reuters](#) **(Bullish to Neutral)**

[Big Tech Earnings: Microsoft And Alphabet Signal Q2 Could Be A Bottom \(forbes.com\)](#) **(Bullish to Neutral)**

-Blake Young