

OptionProfessor.com Weekly

February 5th, 2022

# PORTFOLIO ROADMAP & BLOG



BY THE OPTION PROFESSOR

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**Bonus!** Before you read the full Option Professor Update, check out these other partner offers and educational opportunities...

- PDF: [Complete Guide To Day Trading](#)
- Report: [5 Stocks to Double in 2022](#)
- Report: [Explosive Stocks Have This One Thing In Common](#)
- 12-Part Series: [How to Make More Money Trading](#)

*Read on for this week's update from The Option Professor...*

## OptionProfessor Market Update February 5th, 2022

- Questions or comments? Email [optionprofessor@gmail.com](mailto:optionprofessor@gmail.com)

### **OPTIONPROFESSOR PORTFOLIO ROADMAP 02/05/22:**

We spoke of being a LIQUIDITY PROVIDER this year as sharp down moves run out of steam and so do sharp up moves ditto

A wild week it was and who can really say they are surprised if you know the VIX has been trading between 20 and 40 for awhile and with accommodation leaving the building the path into the teens may be a long and winding road. To expect smooth sailing would be insane as a smooth landing is not the likely outcome when you go from this much QE and money supply growth to a contraction and a balance sheet runoff. Investors are paranoid about anything that sounds like slower growth and maybe in the months ahead their fears may be realized....this is what the Fed hopes for as well because if things break badly (inflation, prices, and wages stay elevated PLUS consumer spending goes nuts as weather improves); the Fed will have to look at the least Chapter One of Volkers playbook on breaking the fever of inflation and that chapter would be larger and faster hikes. The jobs report confirmed wage inflation & this week the CPI report will confirm price inflation. A CLOSE under SPX 4400 at the end of February would a run that started in June 2020 and could confirm a larger REVERSION to the MEAN which we said would happen in 2022 BUT the severity could be limited to recent lows or become more severe  
Doe the Fed try to EXTINGUISH a BLAZE with a WATER PISTOL (1/4 hikes) or do their jobs & adjust rates to reality QUICKLY?

Let's look at the PORTFOLIO ROAD MAP. Remember consult your brokerage firm/broker for suitability. This is NOT advice

### **INCOME**

Not the easiest place to be but we told you of some areas that are holding up better than others and they include  
short term secured loans, dividend paying & value stocks, utility stocks and consumer staples. The yield environment turned negative when we told you 1.75% on 10yr Treasuries was exceeded (last year 2021 highs).

Get the Option Professor's PDF Report on CREATING INCOME at [optionprofessor.com](http://optionprofessor.com)

## GROWTH & VALUE

Here we have tech & semiconductors trading wildly as the current earnings in some cases (MSFT GOOG SNAP) soothe nerves while misses (FB NFLX) cause panics as they are heavily owned and when the world wants out, they drop the bid big time.

If the QQQ can get thru 360-380 there is a light on the other side, if SMH can get thru 275-295 a similar light as they both entered or approached those zones but; so far, no cigar. Value & Dividend payers are the more stable groups YTD.

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## INTERNATIONAL MARKETS

Here we have Europe hanging in there (UK & Banks best) while Japan & Pacific Rim languish and EM may be a bargain.

Rate hike by BOE is courageous and sometimes courage is rewarded; while EM is cheap especially if US Dollar fades

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## SPECULATION

We told readers to wait for big drops in CRYPTO (50%+) and in the last few weeks we said the we like GBTC & ETHE with stops UNDER recent lows...so far that has been good....Gold is still in a range for the last year about \$1900 and \$1700 with an inflation print that is supportive but a Fed that is threatening....if the Fed gets aggressive or measured will decide duel We have preached Energy oil & gas for way over a year and now we may either see a parabolic spike toward 100+ or if we fail to make new highs on a weekly basis...a correction could occur....OPEC met..we still need more oil...will it come? The commodity sector remains stable to higher as weather and supply demand dynamics have been firm...keep seatbelt on!

This section of SPECULATION has tremendous OPPORTUNITY & RISK and should be a very exciting 2022!

Get The Option Professor's PDF Report On ADDING SPECULATION-Cloud-Cyber Security-AI-EV-5G at [optionprofessor.com](http://optionprofessor.com)

FINAL NOTE-----Don't forget The Option Professor's PDF Report How To HEDGE Market Declines & Upside Risk  
It's Time to Educate Yourself. We DECADES of KNOWLEGE & EXPERIENCE so we share our opinions with you!

REMEMBER All investing involves risk of loss and it is not right for everyone. Consult your brokerage firm/broker to determine your own risk tolerance and suitability. Past performance is not indicative of future results. Information provided for informational purposes only It is NOT advice.

## **BLOG UPDATE 02/06/22: Stock Market- Wages & Rates Spike & the Market's Confused-What's Next? Read it!**

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- *Weekly FREE Market Updates at <https://www.optionprofessor.com/blog/>*

February 5 2022 Option Professor Opinions & Observations

Last week the stock market was shocked and surprised BUT we were not. The reason we are not shocked by the Jobs Report or the market gyrations is that we try to look at things through the PRISM of REALITY. We said last week that inflation is not going away quickly if anything it could accelerate with the CPI number on Thursday. C'mon...EVERYONE is RAISING prices with Amazon bumping the price of PRIME by 20 bucks as recent evidence. The Jobs Report was a no brainer...the stimulus money is GONE....the stock market gains are GONE...so people have to CAPITULATE and go back to work which means we're UP 460K+ which also means WAGES you are going UP toward double digit numbers! The jump in real estate and rents are also starting to bleed into the inflation numbers and some rents are way ABOVE pre Covid levels. The consensus is that economic growth will slow but if it doesn't then WAGE + PRICE inflation=TROUBLE. What will consumer spending be like when the weather gets better and the variant scare subsides? Lotsa \$\$\$ out there.

NOW...RATE HIKES COMING & MAYBE FASTER THAN THE MARKET HAS ALREADY PRICED INTO THEIR FORECASTS! Let's talk about the cost of money and how much you get paid of fixed income. The Fed is so far BEHIND their MANDATE for stable prices that it is a joke (but it was also a joke for them to be BUYING mortgages AFTER real estate prices had gone thru the roof!). The 2 yr Treasury yield is ABOVE 1.30% and that has already more than DOUBLED in a short time. The spread between 2yr and 10yr yields has yield have tight end and if they invert a recession generally follows. The Fed is STILL BUYING in the market as we speak! Do they really think 1/4 point hikes over many months is the remedy to cool things off? We think not...so why wait for March? We feel it's the direct opposite of QE....in that when things are disastrous (2008 & 2020)....people will agree to ANYTHING to stop the bleeding which means it's OK to the "helicopter Cash drop" (stimulus-PPP-14 facilities to print money and bail out bad actors). The Fed & Treasury were given the green light to run UP the deficit and EXPLODE the money supply...and cheered for doing so. Since they forgot their basic economic courses from Wharton....they are "shocked" by inflation jump after a 35% jump in money supply?? Why MARCH? Our view is by then the entire planet will see they need to hike and

they will be cheered for doing so as most Americans could care less if the SPX is 5500 or 3500..but they do care about prices of GAS & FOOD!

Having been in these markets for many decades: we see the market behaving as it should....companies with duration earnings are whacked while free cash flow machines are rewarded (unless you tell the world your competition (TicToc) is problematic and you are spending a ton on an unknown revenue source (metaverse) and daily user growth is gone. This is FB's story. We gave KEY PRICE POINTS on the SPX last week in the UPDATES and reiterated them this week....so we will repeat.....4610...4561...4488.....UNDERNEATH.....they are 4402.....3866...3575...numbers based on TIME & PRICE.

The Option Professor is suggesting...based on your area of interest...the FIVE (5) PDF Reports.. and EDUCATE YOURSELF

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2. How to Create GROWTH & VALUE .
3. How to ADD INTERNATIONAL MARKETS
4. How to ADD SPECULATION-Energy-Metals-Tech-Crypto
5. How to HEDGE-Protecting Portfolios from DECLINES & Protecting Against UPSIDE risk

REMEMBER There is a risk of loss in all trading and it is not right for everyone. Consult your brokerage firm/broker/advisor to determine your own suitability. Past performance is not indicative of future results. Information and opinions provide are for informational purposes only. It is NOT advice.

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