

OptionProfessor.com Weekly

February 12th, 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

• Questions or comments? Email optionprofessor@gmail.com

OPTIONPROFESSOR PORTFOLIO ROADMAP 02/12/22:

We have spoken to readers for a LONG TIME to learn about HEDGING especially in 2022 as many cycle theorists have believed this year; we could see a very large decline. So far; our numbers have been spot on with resistance on SPS at 4600 area (our 5yr chart 12 SMA) and support at SPX 4400 area (20yr chart 12 SMA) and as of Friday both areas have held. We come into next week with earnings on balance being great but inflation numbers making it seem obvious the Fed is in over its head. A 35% jump in money supply and a \$9 Trillion dollar balance sheet has consequences and now we see them. We don't think the mask mandate fade is not coincidental with the desperate need for consumers to keep spending (70% of economic growth). This week we get retail sales and existing home sales so we will get an idea. If inflation has taken away his buying power during a period of price increases that may be more than the corporate profits can bear. The travel & leisure stocks were doing well but were dodgy at weeks end. We get another inflation print this week (PPI) and another CPI number before the Fed meets in March. The 2yr Treasury has already discounted 6 hikes so it may be a sell the rumor and buy the fact deal. We have NVDA earnings this week and every tech investor has his fingers crossed. On the positive side we have a lot of money in household pockets and a 30-50 yr old demographic that is best in the world! On the negative side we have a debt market that has become the biggest bubble in mankind and valuations in a rising rates environment that may still be rich. This week we also get LEI's which are supposed to be "leading economic indicators".

The PPI)producer price index may add light or darkness to the current situation on inflation. Ultimately; many believe credit spreads will widen (curve flatten) and the trot to higher rates will turn into a gallop and the dollar will fall in the end. The scariest scenario is in the DEBT market as if we see outflow and the Fed stop buying who wants bonds that lose value each month? Yields are rising GLOBALLY as negative yielding debt has dropped to \$4.9 trillion-lowest in a number of years.

Leon Cooperman once said the winner in a down market is he who loses least...some wisdom there...so where's the oasis?

Let's look at the Portfolio Road Map- Consult your brokerage firm for your suitability/risk tolerance. This is NOT advice.

INCOME

We have told readers last year that we saw the lows in March 2021 during a panic low which was right on BUT we did say in 2022 if we saw the 1.75% 10 year Treasury yield exceeded that the upward move in rates would commence which again was spot on. We "guess" the highs on the 10yr Treasury may be contained to 2.25-2.5% BUT these guys with all their guessing is a joke as if the Fed is as far behind the curve as it looks a 3%+-4%+ is not off the table BUT if inflation breaks in the 2nd half and the economy slows plus supply chains and oil declines...the Fed will be lucky and much already is priced in. We have spoke of senior loans, dividend paying and value stocks as best of breed and that has also been accurate.

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It INCLUDES a 20 minute Q & A with the Option Professor!!

GROWTH & VALUE

For months we told readers that the Growth to Value ratio had rolled over from a high level and now value is actually outperforming growth...another great bit of information. Tech Semis & small caps may have a great second half of the year but they stink so far this year. When they turn they turn; until then, it's Energy Value & Cyclical maybe Travel & Leisure.

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INTERNATIONAL MARKETS

Did you know Europe & Emerging Markets have been more than competitive to USA shares? Did you know their valuations compared to USA shares is compelling (cheap). If not; you need more information on risk -reward in overseas markets now!

We have information on Europe (UK & Eurozone), E merging Markets, Pacific Rim (Korea Japan Australia) or Brazil & Mexico

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SPECULATION

WE told readers to stay away from crypto until we saw a 50% drop which we just did so we though a shot at GBTC with stops under recent lows and ETHE the same and so far that has been good as a breakeven stop and let it ride is in order,

Gold took off this week and we told readers of NEM (Newmont at 52-55 and it's up about 20% jump & almost 4% Div.!!

Oil has been in our wheelhouse since it went -\$37 back in 2020 so the structural shortage and higher prices continue.

General commodity prices are steady to higher as demand and supply chain/bad weather continues to support prices.

GET YOURS! The Option Professor has a PDF Report on markets such as crypto, Gold & industrial metals, Energy, Cloud Computing, Semis, AI, 5G, EV's BioTech, Storage, Travel PLUS Option Strategies for Up Down & Sideways Markets!!

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Finally; The Option Professor has a PDF Report on PROTECTING PORTFOLIOS AGAINST MARKET DECLINES--Get Yours!

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

BLOG UPDATE 02/12/22: Stock Market Drops-Waiting for Help? Are You Waiting for Godot? Our Take-Read On!

- *Questions or comments? Email optionprofessor@gmail.com*
- *Weekly FREE Market Updates at <https://www.optionprofessor.com/blog/>*

February 12 2020 Option Professor Opinions & Observations

The stock market had a very bad week this week once investors pulled their collective heads out of the sand and saw proof of what we have told readers for many months....Inflation is NOT transitory and Yield will rise once 1.75% on the 10yr Treasury is exceeded. This week we got evidence of both as INFLATION blew out the doors and yields ROSE as the 2 yr exceeded 1.5% and credit spreads continued to widen. Yields tend to rise slowly at first and the accelerate into a fast pace. Earnings have been great but they are backward looking and valuation pressures come with the territory when interest rates rise. The scariest thing is how far behind the curve the Fed is as we were around the last time inflation was this bad (1980's) and Volker (Fed) needed to get the long bond to 16% and money markets to 22% to get it under control. Not suggesting that here but 1/2 point raises off zero ain't gonna cut it and the market knows it. BUT it is important to note the 2yr Treasury jump in yield to 1.50%+ has ALREADY DISCOUNTED 6 hikes already which may mean a more stable environment may emerge as we go into the March Fed meeting. may occur. The SPX hit a very IMPORTANT SUPPORT ZONE Friday at SPX 4400 and the VIX hit 30+ but closed lower. If Monday we take it out but close above (plunge protection team??); that would be very constructive HOWEVER if we close under SPX 4400 and the VIX takes out 35-40 then it may be time to use dental records as the decimation could be significant (we have told you that some Elliott Wave Devotees have said 2022 will be a year of a huge decline and major bottom and some may say the stars are staring to align. IMPORTANT to note the SPX 4200 area and VIX 39 are still intact so if you're a bull you could hang your hat on that and the old adage "It's darkest before dawn". We saw with Facebook(FB) that if the crowd turns on you the downside can be precipitous. The way we blow out SPX 4200 and test long term support at SPD 3800-3500 is that the Fed goes too far, growth slows and the consumer spending falls out of bed.....NOT sure things at all. Do you own enough value & dividends...floating rates....overseas markets like EM & the UK...precious/industrial metals? We have ideas on where to look to hide out while Rome is burning and we are happy to share the ideas with you.

The Option Professor has 5 PDF Reports- provide ideas for DIVIDENDS & INCOME-GROWTH & VALUE-SPECULATION INTERNATIONAL MARKETS- HEDGING-PROTECTING PORTFOLIOS FROM DECLINES & Includes a 20 minute Q&A!

GET YOURS!!..Go to optionprofessor.com...submit your contact info and we will explain how you can GET YOURS!

Put Our Knowledge & Experience to work for you!!

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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