

OptionProfessor.com Alert

March 29th, 2022

IF OIL STOCKS PEAKED-HOW TO PROTECT GAINS?



BY THE OPTION PROFESSOR

Important: This document is intended for informational and entertainment purposes only, please read the full disclaimer on the last page of this document.

AD: Bonus Partner Education:

- **Report: [5 Stocks to Double in 2022](#)**
- **Wealth Report: [3 Small-Cap Stocks For 2022](#)**

Read on for the latest ALERT from The Option Professor...

**OptionProfessor Alert:
ALERT-IF Oil Stocks PEAKED-How to PROTECT Gains?
March 29th, 2022**

As many of you know; our view is that 2022 will see the PEAK in COMMODITIES prices barring a horrific hyperinflationary parabolic move that may cause historic dislocations of worldwide economies (unlikely but never say never:). This is not unlike the PEAKS we saw in BONDS in 2020 and the PEAK in most stocks in 2021.

The energy markets have been on a tear since the crash in March 2020 and we have been continually bullish ever since as we recognized lack of investment and demand would morph into structural shortages over time--exactly what happened.

NOW in the month of March; we have seen price movements PLUS overbought technical patterns and divergences that at least warrants the investigation of strategies that could potentially PROTECT accumulated values or REPLACE risk.

Let's start with the price of the underlying Crude Oil market (WTI). In early March price ADVANCED to 130+ followed by a mid-month DECLINE to 93+ which was followed by an ADVANCE to 116+ followed by today's DECLINE to 102+. The 130 price failed to take out the 2008 highs of 147 and the recent rise to 116+ failed to take out 130 recent high.

We see the high on Chevron (CVX) and Exxon (XOM) PLUS Schlumberger (SLB) Halliburton (HAL) have had somewhat similar price patterns which lead us to conclude a possible price exhaustion if new highs are not forthcoming in the near future.

Again: the energy markets are VERY VOLATILE and no one knows with certainty how things will play out in the days ahead RIGHT NOW is the time to EDUCATE YOURSELF as to ALTERNATIVES to help establish PARAMETERS around the market RISK

The Option Professor has created an Educational PDF REPORT-----How to HEDGE Downside RISK and Upside SURPRISES
GET YOURS TODAY! Email Us at optionprofessor@gmail.com Call Us at 702-873-8038 or Visit Us optionprofessor.com

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 futures results. Information and opinions provided are for informational purposes only. It is NOT advice.

- The Option Professor, 03/29/2022

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

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.

Full OptionProfessor.com Terms/Disclaimers/Policies here:

<https://www.optionprofessor.com/policies/>

Be sure to read the other recent Option Professor Alert ETFs [HERE](#):

- 03/15/22 – Stocks PREPARE for BIG MOVE by MARCH 28?
- 03/10/22 – Lock in Gains in Oil/Metals & Replace Long Stocks?
- 03/08/22 – Stocks Tank-What To Do Now?
- 03/06/22 – Commodities Peak 2022
- 03/04/22 – LEARN! What's Better Now? VALUE or GROWTH
- 03/03/22 - Protect Against Downside Risk & Upside Risk
- 02/24/22 – Hedge Upside & Downside Risks?
- 12/23/21 – Yields
- 12/17/21 – Accelerated Tapering
- 12/08/21 – VIX Buy Signal
- 11/26/21 – COVID Fears
- 11/11/21 – SPX 4724 Resist
- 10/27/21 – Growth Over Value
- 10/21/21 – The Replacement Trade
- 10/20/21 – FB Value Trade

The following is an excerpt from the eBook “7 Best Ways to Trade Options” by The Option Professor, [download the full PDF eBook HERE](#).

#3. How Does Implied Volatility Affect Options?

Implied Volatility is the market's forecast of a likely movement in a price of an underlying market. It is a metric used by investors to estimate future fluctuations (volatility) of a price based on certain predictive factors. Implied Volatility denoted by the symbol (σ) can often be thought to be a proxy of market risk. It is commonly expressed using percentages as standard deviations over a specified time horizon. When use in the stock market; implied volatility generally (but not always) increases in bearish markets when investors believe prices will decline over time. Implied Volatility will generally (but not always) decrease when the market is bullish and investors believe the market will rise over time. Implied Volatility does not predict the direction that the price change will continue.

Implied Volatility is one of the deciding factors in the pricing of options. Buying options contracts lets the holder buy or sell an asset at a specific price for a specific period of time. Implied Volatility approximates the future value of the option and the current option value is also considered. It is important to note that implied volatility is based on probability. It is only an estimate of future prices rather than an indication of them. There is no guarantee that an option price will follow a predicted pattern. However; when considering an option, it may be worthwhile to consider the actions of others activity in the option so implied volatility is directly correlated with market opinion which of course affects option pricing

CONCLUSION-OPINION...Our opinion with Implied Volatility is that it tells us what has happened but not will happen. Just like the point spread in a football game is indicative of how teams have been playing to some degree. It is important you remember that options have intrinsic value (the amount it is in the money-higher than the strike price on calls & lower than the strike price on puts) AND time value/implied volatility which is a discounting mechanism to some degree of future price movements. EXAMPLE if the underlying market has been 40-45 (flat) for the last year; the Implied Volatility would be lower and the option price generally lower. Conversely; if a market has been 100-200 (volatile) for the last 2 months; the Implied Volatility will generally be high. In some respects option trading is volatility trading and if you enter calls after a volatile move to the upside where implied volatility is high; the market will have to keep that pace and then some to overcome the premium. The direct opposite with entering puts after a big decline. Of course; there are a variety of option trading tactics buying/selling/spreading and Implied Volatility measures are an important consideration. Our opinion is that generally low volatility can present an opportunity for buyers to use longer dated options and high implied volatility options can present an opportunity to use as a hedge in a number of strategies or a means to contract to buy the market at a discounted price.

-7 Best Ways to Trade Options” [download the full PDF HERE](#).

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.

Full OptionProfessor.com Terms/Disclaimers/Policies here:

<https://www.optionprofessor.com/policies/>

OptionProfessor owners, guests, affiliates, and associates are real traders and investors and may hold the equities discussed in this report directly or indirectly through ETFs or other funds.

This report is for information and entertainment purposes only; trading and investing is extremely risky. We've made every reasonable attempt to ensure that the above information is accurate at the time of publication, but please do your own research. The reader bears sole responsibility for their trading and investing decisions. Please consult a qualified financial advisor for help with financial decisions.

TimingResearch may generate revenue from any link on the website, emails, reports, or any other content.

Statement Of Disclaimer: U.S. Government Required Disclaimer - Commodity Futures Trading Commission. Futures, option, forex and stock trading have large potential rewards, but also large potential risk. You must be aware of the risks and be willing to accept them in order to invest in the futures and options markets. Don't trade with money you can't afford to lose. This website/email is neither a solicitation nor an offer to Buy/Sell futures, options, forex or stocks. No representation is being made that any account will or is likely to achieve profits or losses similar to those discussed on this website. The past performance of any trading system or methodology is not necessarily indicative of future results.

CFTC RULE 4.41 - Hypothetical or simulated performance results have certain limitations. Unlike an actual performance record, simulated results do not represent actual trading. Also, since the trades have not been executed, the results may have under-or-over compensated for the impact, if any, of certain market factors, such as lack of liquidity. Simulated trading programs in general are also subject to the fact that they are designed with the benefit of hindsight. No representation is being made that any account will or is likely to achieve profit or losses similar to those shown.