

OptionProfessor.com Alert

April 8th, 2022

DON'T FIGHT FED-WHERE TO POSITION NOW??



BY THE OPTION PROFESSOR

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AD: Bonus Partner Education:

- Report: ["Rare" Metals Discovery Set to Deliver Gains](#)
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OptionProfessor Alert:
ALERT-Don't Fight Fed-Where to Position Now??
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PORTFOLIOS DECLINING VALUES have plagued Investors in BONDS since March 2020 and in most STOCKS since last year 2021. We will SHARE OUR OPINION below and conclude with where we see the best ways to try to STABILIZE Portfolios

This week the cat got out of the bag and the REALITY of trying to put a 8% to 19% INFLATION GENIE back in the bottle came home to roost! The Fed commentary and Fed Minutes left not much doubt they are on a mission to slow inflation and by definition SLOW GROWTH. Everyone who thinks that we were racing back to the SPX highs are now trying to figure what DECELERATING Earnings & Margins will do to VALUATIONS. We must remember that previous sharp selloffs in 2000, 2008 and 2018 and 2020 were followed by EASING as there was no inflation to worry about. NOW-we have household SAVINGS 2X pre Covid, the tightest LABOR Market about ever, and the consumer has the ability to BORROW! Powell is right that the Consumer & the ECONOMY are in great shape to take a hit MEANING don't look for the Fed PUT! In the short term; the Fed is NOT BUYING Treasuries-Mortgages or Stocks---IN FACT--they are selling the 2 formers up to about \$100 Billion per mo.!

Let's do some rough math....if the SPX EARNS 2.25 this year and we get VALUATION at 18 P/E=2.25 X 18 = 4050 SPX or almost 600 S&P POINTS below the recent rebound rally of 4630! The market tends to be UNDERVALUED at bottoms so you got to factor in a potential OVERSHOOT (Housing-Banks-Transports-Autos rolled over). The Fed wants Inflation DOWN and that means going after the Wealth Effect of HOUSING & STOCK VALUES to slow consumer SPENDING. There may be some moderation in INFLATION as car sales rolled over, crude inventories rising, and mortgage applications falling out of bed. The ISM services numbers were outstanding so the durable goods inflation should fade as experiences are in vogue.

EARNINGS SEASON starts next Wed & Thurs with the BANKS and for a couple weeks thereafter which may stabilize mkts.

How much the YIELDS SPIKE UP has DISCOUNTED much of the Fed blabber is UNKNOWN but certainly a decent amount? Unless Powell goes VOLKER-DUDLEY-SUMMERS on us and lifts rates ABOVE GDP & Inflation-many hope max is 3%-3.5%.

We are AMAZED at how all the NEWS outlets REPORT what % OFF All Time Highs Individual STOCKS are trading. We are involved in potential REGIME CHANGE with INFLATION---FED POLICY---GROWTH--VALUATION--Those Highs Are Gone!

We have spoken to Readers in our UPDATES that BONDS PEAKED in 2020 and STOCKS PEAKED in 2021 until further notice. For INVESTORS 55+ 65+ 75+ plus others; it is important to think about STABILIZING in both STOCK & BOND PORTFOLIOS! It's a time where MOST INVESTORS haven't seen this ASSET & REAL INFLATION or a FED being this FAR BEHIND the CURVE!

GOOD NEWS!! The Option Professor has used Decades of KNOWLEDGE to CREATE a PDF REPORT on BONDS & STOCKS
For INCOME- "How to Use TREASURIES in a RISING-RATES Cycle" For STOCKS- " What SECTORS to Ride Out the STORM"
SPECIAL BONUS "Using COVERED CALL WRITING to Protect Cost Basis"
Opinion on Strike Price/Expiration Selection

GET YOURS! Go to the WEBSITE optionprofessor.com-Submit Contact info
VALID PHONE...We'll Process Your Request!
NOW is the Time to EDUCATE YOURSELF!

Thanks!
The Option Professor

- The Option Professor, 04/08/2022

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- 03/29/22 – IF Oil Stocks PEAKED-How to PROTECT Gains?
- 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
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