

OptionProfessor.com Weekly

May 21st, 2022

# PORTFOLIO ROADMAP & BLOG



BY THE OPTION PROFESSOR

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AD: Bonus Partner Education:

- Master Class: [The Power Of Options](#)
- Report: [5 Stocks to Double in 2022](#)
- Uranium Bull Market: [Hottest Stock Sector of 2022](#)

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

## OptionProfessor Market Update

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

### OPTIONPROFESSOR PORTFOLIO ROADMAP 05/21/22:

May 20 2022

We saw this week that margins are getting hit and if you sell gas at your retail store (BJ'S Wholesale) and you getting recurring revenues (COST) you are in better shape than WMT & TGT. The TECH sector got a reprieve from the fact that

the 10 yr Treasury clearly backed of the 3.25% yield and maybe it could lead to a rally into the Memorial Day Holiday.

The big HOPE is that financial conditions tighten in the next month or so and the Fed goes to a much more gradual approach of tightening as the likelihood that Energy, Shelter Electricity, Food inflation is going to cave at current rates is optimistic to be polite. We need labor tightness to ease...energy & real estate to ease and incomes to ease if we have much hope to break the inflation fever.

There has been no panic...no capitulation... but on a short term basis the yield rise quieting down could help tech and thus create a bid. There has been big volume on the sell off and deleveraging may

abate in the near term. There is a historic relationship between HY and Treasury Bonds that suggest that much more damage may be in the cards and maybe the month of June we could see it hit the fan. NEXT WEEK we get earnings from BBY JWN TOL COST SNOW NVDA M DELL M and more so let's see if margin pressures continues like on companies this week. The Fed wants to reduce wealth effect, asset prices, GDP/Demand, essentially GREED which helps in fighting inflation rates. The BIG QUESTIONS-Will we have a slowdown...answer yes!....how high will interest rates go...unknown due to the uncertain transmission mechanism...how much to assets drop, credit spread widen, real estate decline will be determinant.

IMPORTANT!- FREE WEBINAR May 31st...We share information on a CREDIT SPREAD that has been coincident to MKT LOWS PLUS...information on HEDGING...STOCKS....INCOME....INTERNATIONAL MARKETS (EM EUROPE)...OIL\_GOLD\_AGS\_CRYPTO GO To-optionprofessor.com & submit your email/phone-OPTION PROFESSOR- Decades of Knowledge-Educated Thousands

Let's take our weekly stroll around the Portfolio Road Map REMEMBER all investing involves risk of loss and is not right for everyone. CONSULT your brokerage firm to determine your own suitability & your own risk tolerance . It is NOT advice.

## STOCKS-Growth & Value

The stall in the 10 yr Treasury yields this week- got Cyber Security, TECH and real estate; private equity stocks start to rally. The sector we told you about when the Growth to Value Ratio rolled over in DEC 2021 ( utilities, staples, dividend payers) are still the best places to ESCAPE THE TIDE GOING OUT:;) Truthfully...just going to rolling short term t-bills has been the best place since January but who's going to tell you to that when it pays no one.....that's right no one:;)....the GROWTH TO VALUE RATIO is still pointing straight down so it's still tough to suggest growth over value...so we won't do it:;)

## BONDS- Income

We got a short term TOP established on 10 yr Treasuries so TRADERS can buy all the bonds they want with a STOP if the 10 yr Treasury takes out 3.25%.....because if and when it does that the NEXT STAGE of interest rate rises will commence! We have leaned toward 0-24 treasuries laddered rolls to not lose money and maybe short term 1yr duration Ultra Bonds. IMPORTANT!!! Go to the Free Webinar May 31st..We talk about a CREDIT SPREAD that has historically marked BOTTOMS!

## INTERNATIONAL MARKETS/US DOLLAR

We are starting to see the light at the end of the tunnel in Emerging Markets. Pacific Rim, Latin America and to a lesser extent Europe (let's hope it's not an oncoming train:;)...Australia, China, Brazil, Mexico and the United Kingdom are starting to percolate so let's see if there is follow thru next week ...maybe that stall at 3/25% on the 10 yr Treasury will give them some boat legs. The DOLLAR INDEX has rolled over from the recent highs at 105...still very strong uptrend BUT if we are SUB 102 for a length of time... a pull back may be in order ad LT moving averages are in the 101-98 area....reversion??

## SPECULATION Oil Metals Agriculture Crypto

REMEMBER we are expecting a TOP in Commodities in 2022 so don't expect the normal commodities are the place to be rhetoric like we did not give you that

rhetoric on BONDS in 2020 (TOP) or STOCKS in 2021(TOP). Crude Oil's PEAK in 2008 is 147 and currently is intact...if we break UNDER 105 and 99.....stick a fork in it...always the potential of a parabolic blow off to the upside but did we see that when it ran to 131? Gold & Silver are trying to figure out if inflation is uncontrollable or if a systemic shock to the financial system is coming...central banks own Gold not Crypto:):)...if we hold \$1800 Gold & take out 1900-1950..we're back in business. These grains (wheat corn soy & fertilizers) seem to us to be in the same boat as oil...

either we going parabolic to absurd prices (Fed doesn't want that) or we are at a rolling over TOP....we will know more soon

Crypto is a nightmare especially for those stable coins that were anything but stable....GBTC & ETHE are the only games in town for us and are both in the toilet.....someone woke up and realized they're unregulated and unsecured creditors:):):):)

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We've got Decades of Knowledge & Experience to Share & We've EDUCATED Thousands of Investors Worldwide!

Many have thanked us for our help & we appreciate their kind words. We look forward to helping you EDUCATE YOURSELF!

Thanks!

The Option Professor

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## **BLOG UPDATE 05/21/22: Stock Market-What Do You Know About Downside & Upside Risk Management? Read**

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

May 20 2022 Option Professor Opinions & Observations

**IMPORTANT-Go to [optionprofessor.com](http://optionprofessor.com) and get “How to Hedge Downside RISK & Upside SURPRISES”**

Another week in stocks and more new lows to boot. We've told readers for such a very long time (pivot was Nov 2021) that when the Fed REMOVES LIQUIDITY that things don't go up in VALUATION and when you throw in INFLATION we see PROFIT MARGINS get hit (WMT TGT). You can get a headache and LOSE A LOT OF MONEY listening to TV touts, investment firm fronts, and newsletter perma bulls keep talking of bounces and bottoms to keep your attention or your money. With us.....you can't snow the snowman:):)

**GOOD NEWS THIS WEEK-** we have created a LINE IN THE SAND in the INTEREST RATE MARKET which is the US Treasury 10 year yield at 3.25% (closed UNDER 2.80%). Why is this good news?....because it MAY put a TEMPORARY FLOOR at SPX 3800 and help the interest rate/duration-earnings damaged TECH SECTOR (28% of indexes) stabilize and at least create a TRADING RANGE before the realities of high inflation, tight labor market, energy & food, more valuation compression slap the market once again. We have said BONDS peaked in 2020...STOCKS peaked in 2021...and we look for COMMODITIES peak in 2022!

In case nobody told you.....the CREDIT MARKETS rule the economy, valuations and much more. Do you think your stocks, your house and everything else dealing with BORROWED MONEY would have risen from 2008 to 2021 without near ZERO interest rates, an EXPLODING money supply and low inflation? Well, Pancho & Cisco (low rates & low inflation) have left the building. When will the markets bottom??

The truthful answer--no one knows--BUT has staying on the Titanic because one day they will dredge it off the bottom to resurface one day been sage insight? We've ENCOURAGED you to LEARN HEDGING!! Do we see any TV guys,

investment firms, newsletter guys tell us about UP-DOWN RISK MANAGEMENT?

IMPORTANT!-Our view is that a parabolic VIX, News Event, Fed interceding would be present at BOTTOMS IMPORTANT!- We have DATA on an INTEREST RATE DIFFERENTIAL that was present at the LOWS around 1975, 1982, 2002, 2008, 2016, 2020 that we believe we may have to see RISE prior to a STOCK BOTTOM

Go to: FREE WEBINAR- May 31st.....GET the LINK at [optionprofessor.com](http://optionprofessor.com).....submit email and valid phone Topics will includes HEDGING...STOCKS...OPTION STRATEGIES...INCOME...Oil, Metals, Ag-Fertilizers, Bitcoin! The OPTION PROFESSOR has Decades of Knowledge to share and has Educated Thousands Worldwide!

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 and opinions are for informational purposes only. It is NOT advice.

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