

OptionProfessor.com Quick Alert

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STOCKS-EARNINGS & CONSUMER RECESSION BEGUN?



BY THE OPTION PROFESSOR

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OptionProfessor Alert:
07/26/22 - Stocks-Earnings & Consumer Recession Begun?

As we have brought to your attention; very soon we will be done with Q2 Earnings, the Fed HIKE, and the GDP print which may be lousy. WHAT HAPPENS NEXT? We know the Fed is going fishing (Jackson Hole) and then they're off to the Labor Day cookouts and come back to meet September 20-21. The Fed Funds rate NOW is about 1.50%-1.75% and AFTER the hike .75% it will be at 2.25%-2.50%. There is a LOT of things to happen BETWEEN now and September 21!

Why would anyone be surprised to see an EARNINGS RECESSION when the COMPS are to 2021..one of the most profitable years. The DOLLAR has soared (hurts multi-nationals), INFLATION has soared (costs to companies), and ENERGY (Gasoline & Natural Gas) prices have soared. OF COURSE; this will affect companies NET PROFIT big time. Some companies (MCD KO UPS) have been successful PASSING THRU higher costs to consumers while others have not like WALMART & TARGET. Some of the REASONS include HIGH INVENTORIES (panic over supply chains) which now must be discounted and the CONSUMER has been WHACKED by Inflation, Gas Prices, and an INCOME SQUEEZE. For a look at an EXAMPLE...The Median Income in the USA is about \$31,000 or a bit over \$2500 GROSS per month....just to fill up the car (20 gallons) ONCE a week takes away about 20% of his cash flow-IMAGINE 2X per week! Now you get the SQUEEZE!

The FED GOAL is to get Inflation and Demand to Cool off. DON' FIGHT the FED! Did you not think that to ACHIEVE that goal companies would not make LESS money and CONSUMERS spend LESS and also be LESS confident in their futures??

Unless an event driven (2008 or Covid); Markets seek RANGES so SPX was 4800-4200 and NOW we are SPX 4200-3600!

BIG QUESTION??? Will we BREAK ABOVE SPX 4200 or BELOW SPX 3600 to set up the new RANGE?? Our GUESS now is that the Fed FUNDS will NOT TOP at 2.5% (this week) so more hikes to come....Gas Prices will NOT collapse to cure the consumer problem....the ARKK fund and GROWTH have seen INFLOWS that are OUTSIZED and Value will be better. The JOBS rate in the 3% range MUST rise for the Fed Goal to be realized. Home prices are VULNERABLE (wealth effect). We may VACILLATE in this RANGE for a bit as the MARKET DECIDES if Inflation & Gas Prices are structural or transitory. INVERSION of the yield curve and Powell's future expected yield on 3 month money (-95 basis points) are ominous.

The OPTION PROFESSOR has ENCOURAGED YOU to Get TWO (2) PDF Reports and an INDEPENDENT 1 on 1 Review.

1. How to HEDGE Against Downside Risk & Upside Surprises 2. Our TECHNICAL INDICATORS-Determine MKT Direction

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- NEW! 07/07/22 – STOCKS-Upside Surprise? Big News!
- 07/05/22 – STOCKS-Say Hello to DEFLATION!
- 06/30/22 – Stocks-Inflation Fears Now Earnings Fears
- 06/29/22 – Stocks-Where's the Rally Into July 4th?
- 06/23/22 – Stocks- BIG SPIKE Into July 4th?
- 06/21/22 – Stocks RIP Higher! Lows In?
- 06/16/22 – Stocks-Fed Does U-Turn-What Now?
- 06/14/22 – Stocks-Bounce or Bust?
- 06/09/22 – Stocks-Quiet Before the Storm?
- 06/07/22 – The Fed is Failing-Stocks-Oil-Gold-China
- 06/02/22 – Stocks-June's Here! Are You Ready?
- 05/27/22 – Stocks-Should You Fear June?
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- 05/19/22 – STOCKS Tank-Did You Get Your HEDGING PDF REPORT?
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