

OptionProfessor.com Quick Alert
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Stocks-Another Great Call-Option Professor



BY THE OPTION PROFESSOR

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AD: Bonus Partner Education:

- PDF: [10 Recession Trading Strategies](#)
- Report: [The 2022 Gold Portfolio](#)

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OptionProfessor Alert: Stocks-Beware of Complacency? China & Gold?

We want to thank all the investors who congratulated us on another great call we gave last week when we said the market usually FAILS on its FIRST attempt to BREAK the 200 day average. Exactly as planned; the SPX went up toward the 200 day average and dropped about 200 points in about 3 days! For those investors who spoke to us directly thru our 1 on 1 LEARNING session; we indicated Apple (AAPL) had a high probability of turning down short term off 180 area and some short term options we focused on went up about 400%! Education & Comparing are 2 REASONS to try us!

RIGHT NOW! SEPTEMBER! 3 Schools Of Thought as to how we trade the rest of the year. All have merit and plausibility.

1. The lows are in on SPX 3630 and we will break thru SPX 4350-4400 resistance as EARNINGS will rise and not be DISCOUNTED and RATES will NOT go far past the next rate HIKE in September (50 basis points) so Valuations 20X. POSITIONING is still way too LIGHT and CHINA will STIMULATE (\$29 Bill for Lenders) & turn UP before November. INFLATION will drop (gasoline prices down 70 days in a row) & HOUSES will drop (sales -12%-inventories @ 2009!)
2. Number 2 is we will go into a TRADING RANGE of SPX 4400-3900 as some firms will CUT estimates (Macy's) while others will RAISE (AMAT) making for a CHOPPY market. As we said GROWTH has dominated VALUE since May and saw Nasdaq P/E ratios go from 21 in June (down 11 points from Jan '22) to 27 which is too far too fast. This may lead to a reversal in the ratio and DIVIDEND payers shine-free cash flow-HIKE div. rather than buybacks-tax laws.
3. Number 3 is where we DON'T FIGHT THE FED....they want INFLATION at 2%...they want DEMAND to cool off. Historically; to get inflation DOWN from these levels, UNEMPLOYMENT must RISE....HOUSING must DECLINE.... and FOOD & ENERGY must recede. Since we still have a HOT job market (yes the JOLTS reports are receding) and WAGES are strong and also Housing-Rents-Food (drought)-Energy (War-Supplies-Saudis)...WHO KNOWS? How HIGH the FED hikes will go and how QUANTITATIVE TIGHTENING (QT) starting this month will lead us. The MOST IMPORTANT news will about COMPRESSION of both VALUATIONS (rates go up P/E's tighten) and EARNINGS which would be the last shoe needed to DROP to TEST or TAKE out the LOWS. As always; WE WILL FOLLOW THE TAPE...

Finally; we believe the US DOLLAR is setting up for what could be a MAJOR TOP in the coming months. We have had 3 MAJOR spikes in the Dollar in the last 20 YEARS!. In 2003; the Dollar went from about 70 to 90 and was essentially range bound for 10 years. In 2013-14; the Dollar went from about 80 to 100 and was then range bound. In 2021-2022; the Dollar has gone from 90 to almost 110 this week which may or may not be coincidental...we will be monitoring it.

The US Dollar has a major impact on Earnings, Inflation, Commodity Prices, Interest Rates so a turn would be HUGE!

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- 07/26/22 – Stocks-Earnings & Consumer Recession Begun?
- 07/21/22 – Stocks-Are You Ready For Next Week??
- 07/20/22 – STOCKS-Green Light For The BULLS?
- 07/14/22 – Stocks-From Concern to Panic?
- 07/12/22 – Growth Fears Replace Inflation Fears!
- 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?
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