

OptionProfessor.com Quick Alert  
December 20th, 2022

# Japan Hikes! Yields- Gold Up! Stocks? Oil Dips



**BY THE OPTION PROFESSOR**

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**OptionProfessor Alert:**  
**12/20/22 - Japan Hikes! Yields-Gold Up! Stocks? Oil Dips**

We have all heard the usual phrases to describe something that will never happen. They include “when pigs fly” and “when hell freezes over” and another used to be when “when Japan hikes interest rates” ....but no more!

Today Kuroda (who leaves next year) & BOJ says 10 yr rate to go to .50% (right now priced in .40%). This has caused BIG volatility in the Japanese Yen (+4+%) and the Japanese stock market (down about 2 1/2%. There has also been peripheral effects on the Treasury yields (10 yr Treasury yield now up almost 30 basis points ABOVE recent lows). It has also ignited another attempt for GOLD to breakout on a new bull run. Today; we also see ENERGY prices slide back down (Crude has done from 76+ to 74+ AND Natural Gas has slid well into the 5’s which we told you if it could NOT hold above 6.50 to 6.75 would be bearish). We have SPX UNDER 3860.

We are laser focused on STOCKS & GOLD right here. Our work shows that SPX between 3830 and 3860 to be a VERY important area. There was a GAP around SPX 3811 that could serve as a turning point and then we need to see sustained strength ABOVE 3860. If so; there is another GAP just UNDER SPX 4000 that could come into play. We see the VIX has been UNABLE to sustain ABOVE 25 which is supportive to a rally & against sentiment. Of course; the major trends are still down and if EARNINGS next month are down and 2023 estimates cut-the lows are not safe. BASIC MATH=SPX expected earning 2.30+/if they go to 2.00 X 16 P/E=3200 (Fed Funds 5%)

We’ll see about that as Labor & Wages & Credit Card use suggests spending & higher inflation prices=topline++

GOLD has given many false signals during its decline in the last year or so and thankfully we have told you to avoid it at important junctures. The last time was when GOLD was testing the \$1900-\$1950 area and we said WITHOUT sustained closes ABOVE that level the road to \$2000+ was OFF the table. Gold proceeded to FALL to about \$1600. RIGHT NOW, Gold is experiencing a similar TEST at the \$1850 to \$1875 area. The longer it can trade ABOVE \$1800 the better as our work shows a confluence of indicators that need to TURN UP and need sustained prices ABOVE \$1800 to achieve that important objective. A DXY break UNDER 100 would likely help

REMEMBER We DON’T FIGHT THE FED which is why we didn’t get killed in BONDS/FIXED INCOME as we told you consider rolling SHORT TERM

TREASURIES may give you pay raises on renewal (higher short term rates) AND give you stable principal. How many people told you about that % did they say it for the last 2 Yrs??

SLOWING DEMAND is the Fed goal with restrictive policy and a collapse in M2 Money Supply Growth. Beware

2023 is upon us and we suggest you CALL US at 702-873-8038 or EMAIL US at option professor @gmail.com

We can REVIEW stuff you own/considering in a 1 on 1 ONLINE Session PLUS ideas on RISK MANAGEMENT.

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The Option Professor

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### - The Option Professor

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