

OptionProfessor.com Quick Alert
January 18th, 2023

2023-Stocks Hit the Wall Too Far-Too Fast??



BY THE OPTION PROFESSOR

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01/18/23 - 2023-Stocks Hit the Wall Too Far-Too Fast??

TODAY! We hit SPX Resistance Point at 4035 (a moving average we use that is pointing STRAIGHT Down). Our opinion is that we are at a very KEY Point. Closing prices UNDER SPX 3910 & 3875 could lead to the pendulum swinging toward more Recession talk basis economic data rolling over and accelerating to the downside. CONVERSELY; should we get Closes ABOVE SPX 4035, the door to SPX 4175-4400 could open. Closer to Fed Day (Jan 31) may also be Sober Up Day:)

VIX coming off 18, Forward Looking Earnings, Trends on Manufacturing, Retail Sales/ Services are very much concerning

Our Contact Info is below where you can Learn From Us. We can share tactics for protecting portfolios & our best views

The markets worldwide have clearly entered 2023 on their front foot and some of the numbers are staggering. Going into today META AMZN NVDA BitCoin had seen jumps of between 12% to 28% . Emerging Markets +8 1/2%, Europe saw a jump of 10+%, and Japan +16% and this is YTD! The BIG QUESTION is "Have We Come Too Far Too Fast" Let's Opine:):)

What Do We Know? The whole planet knows Inflation is coming down from 9% last year BUT miles away from 2% Fed.. Many see the move toward 4% Inflation as fast then the road gets rougher ergo likely the Fed stays restrictive longer. The PPI today supports this statement although FOOD is flat and GAS prices are on the rise/possible adios to low reads.

We also know the economy is slowing in certain parts (manufacturing/industrial production/PMI's suggest recession).

We are a SERVICE oriented economy and today's report showed a .9% DECLINE in food & drink. This could start really start ACCELERATING for 2 good reasons. The high prices are Ridiculous & the consumer has burned thru a lot of cash. In fact; some say by June; the excess savings are gone. GDP is 70% consumer spending so that's the recession call by fall
BOOM & BUST CYCLE has been the past as Fed tightens then eases BUT absent a crash; The Fed restrictive thru EOY??

We enjoy LONG TERM RATIOS when seeking the best possible risk reward potential; we see at LEAST 4 clearly.

#1 The Home Price to Income Ratio PEAKED in June 2022 at about 10% HIGHER than the Housing Bubble. TIMBER!

#2 In Oct '22-Emerging Markets to World 20 yr LOW AND US Stocks to World RECORD High hint CHEAP & LT VALUE!

#3 M2 Money Supply Growth to Inflation shows a COLLAPSE in M2 Growth down to ZERO means PRINTING is Possible!

#4 The REAL Interest Rate-Nominal vs Real Vs Inflation Rates. NOW all UNDER Inflation-kill Inflation historically OVER!

GREAT! Any practical ideas/opinions that this data may suggest? How about real estate has peaked and may have a lot further to go? How about despite short term overbought Asia, EM, Lat Am & Europe are good long term values? How about if real estate loses 20%+; somebody's going to be in trouble (liquidity crisis) and the Fed could print temporarily? How about Interest Rates stay ELEVATED for years rather than months as the Fed has little interest in the 1970's REDUX?

We've got more ideas for other markets like STOCKS_ Growth vs Value-GOLD/Silver-INDUSTRIAL Metals, OIL, BitCoin ect

The Option Professor-Graduate Boston College- 35 yrs of KNOWLEDGE to Share-Stocks-Options- Energy-Metals & More!

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Talk Soon,
The Option Professor

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