

OptionProfessor.com Quick Alert
February 7th, 2023

Powell Speaks! When Will Stock Fully Recover?



BY THE OPTION PROFESSOR

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OptionProfessor Alert:
02/07/23 - Powell Speaks! When Will Stock Fully Recover?

In case you missed it, check out this presentation from The Option Professor from a recent event:

 [Synergy Traders #43.09: Option Professor Market Analysis with The Option Professor of OptionProfessor.com](#)

Federal Reserve Chairman Jay Powell spoke today and reiterated our view that the LABOR market & SERVICES spending plus variables like the China's consumption and Russia's spring offensive may make INFLATION tougher to bring down. This would require FED FUNDS to go higher than the market has been discounting so the EUPHORIA of Jan is at risk. OUR Work identified a SHORT TERM TOP for you last week at SPX 4208. The resistance remains in place until taken out.

Many Accounts LOST a lot of money last year in 2022. Many wonder when the major indexes (values) may RECOVER.
IMPORTANT! Past performance is not necessarily indicative of future results.
CAVEAT EMPTOR.

Historically; there have been 6 declines since 1942 of 30% or greater. Drawdowns have various time frames with the LONGEST being 18 months after the TECH BUBBLE & the briefest being about 1 month (Covid-\$9 trill B.S./Zero I.R.). Fed Balance sheet at \$8.4 Trillion and rates UP 400+ basis points so forget about that one month deal:)

Historically; the 7 years following the drawdown, the stock market expanded with a 225% total return on average. During the drawdowns of '68, '73, '87, 2000, 2007, 2020 the market DROPPED 43% on average for a little UNDER 1 year.

Historically; the subsequent 6+ years saw growth return to the markets. There is NO guarantee that will repeat.

After 1968; expansion was 2+yrs., 1973 it was 6+yrs, 1987 it was 12+yrs, 2000 5 yrs, 2007 11 yrs and 2020 2yrs.

The total return during expansion 1968-37+%, 1973-125+%, 1987- 582+%, 2000-101+%, 2007-400% & 2020-102%

Historically; 70% of the BEST days for stocks 2 weeks after WORST days & over 20 yrs missing best days HITS results.

HERE'S THE RUB---The VALUATIONS of Stock & Real Estate this time far different. FED BALANCE SHEET far larger.

The Labor Market is tightest we can recall. PRIVATE EQUITY debt & valuations at risk. M2 Money Growth VERY LOW

Will FIXED COSTS to companies offset their increased REVENUES and cause MARGIN pressure & reduced EARNINGS?

RIGHT NOW. Questions abound. What to do with this stock advance? Metals & Energy to Rise? Rates & Dollar to Rise?

Let us EXPLAIN How We Can Help. We have PDF Reports on PROTECTING Values, Our BEST Sectors, ONLINE Review

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Thanks.

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Be sure to read the other recent Option Professor Alert ETFs [HERE](#):

- NEW! 01/31/23 – Stocks UP! On Wages-Fed Hike-Earnings-Jobs Report
- 01/26/23 – Stocks-Why The Rally Could Go to April?
- 01/24/23 – Stocks Head Fake? New Meeting 6PM EST
- 01/20/23 – Stocks-Bloom Off Rose-Where to Go Now?
- 01/18/23 – 2023-Stocks Hit the Wall Too Far-Too Fast??
- 01/12/23 – Stocks-Global Mkts Say Send Me My Money!!
- 01/10/23 – Big Question-Stocks Lows & Yields Highs in 2022?
- 01/04/23 – It's WEDNESDAY! Time to Contact Option Professor!

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