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InvestorsObserver Workshop

InvestorsObserver Workshop

- What's going on at *InvestorsObserver*:
- Charts
- Inflation thoughts
- Fed Rules
- Member-driven content: Questions, site demonstrations, etc.
 - Can prepare slides for questions submitted ahead of time: Mention “workshop”

What's going on at IO?

- We built an app!
 - iOS first
 - Android to come later
- All the stock features and My Portfolio
- Can get news alerts for your portfolio and watchlist
 - Pretty carefully filtered to try to include only the most important things

S&P 500



S&P 500
One year

Nasdaq



Nasdaq
One year

Russell 2000



Russell 2000
One year

Apple vs. JETS



S&P 500 vs. S&P 500 EW



Growth vs. Value



Treasuries



Ten-year Treasury yields
One year

Gold



Gold futures for August
One year

Lumber



Lumber futures for September
One year

Copper



Copper futures for September
One year

More Thoughts on Inflation

- Reopening is a “lumpy” process
 - Producers that aren’t directly pinched by a shortage may have a customer who is, which limits what they can sell.
- Wages and housing are likely the stickiest part of recent price changes
 - Used car prices will go back down
 - Housing is likely to cool off. Probably won’t see widespread declines for demographic reasons, but time on market will go back up and people will stop making so many cash offers above the asking price
- Other travel services have been rising, but are still below pre-pandemic levels.
- Chipotle Earnings
 - Gross margin up > 10% QoQ
 - Operating margin up 15% QoQ
 - Those price increases weren’t just to cover wage increases

Fed's Market Now

- Virus is still putting a damper on things, but the trajectory seems pretty clear
 - New variants are the wildcard here.
 - Vaccinations limit spread, which limits variants
- Fed's "reaction function" is a big driver now
 - This means interpreting things through a "What does the Fed do next?" lens
 - Economic data that is seen as "too good" can be a negative for stocks

Questions?

Can you please comment on how to interpret the Put/Call Ratio that IO included in today's Morning Update commentary? -- Stan

- Put-call ratio is an indicator of sentiment.
 - Calls are generally bullish
 - Puts are generally bearish
- Parity would be a ratio of 1
 - People aren't generally positioned for the market to be flat though, so in most cases, the ratio is much less than that.
 - Something around 0.5 is moderately bullish, lower than that gets more bullish
 - Things approaching or above 1 are bearish

Questions?

TSMC (TSM) had a positive earnings announcement but the stock price seems to be fully valued given the company's Market Cap of US\$600 Billion. Given that the company is earning \$13B in a good quarter, and has a commanding position with good margins in the high growth semiconductor industry, do you think the share price has room to grow? Is the political risk from China (i.e. potential for hostile takeover of Taiwan) weighing down the stock price?

Selling out-of-the-money Puts at a low price is a way to either generate income or secure the shares at below today's market (albeit in 100-share increments). Assuming I have a long term hold bias toward TSMC, Is the political risk significant enough to avoid betting (shorting) on TSMC Puts at say \$105 strike? -- Stan

Stock seems to be in-line with other big tech names from a valuation perspective. Has probably caught up some over the past year.

Taiwan invasion seems like a tail risk.

Supply chains go through China, which seems like potentially a bigger risk (remember those sandwiches?)

But also, demand for chips, while high, isn't universal for all chips and so things are again, lumpy.

105 puts are pretty far OTM... probably a similar risk with a higher annualized return to find one a little closer, but at a shorter time frame... especially if you're willing to buy more stock

Questions?

I am new to the stock market, and a retail investor. I want to know how to use your InvestorObserver tool to determine the right price to buy a stock and to sell a stock. Does your tool offer 'BUY zone' and 'SELL zone'? --Kam

We try to cater to more investors than the extremely short-term traders who can use buy and sell zones. That's a very specific kind of trading and analysis.

Depending on what you're trying to do, we have lots of ways to determine if a stock looks attractive.

Fundamental and valuation metrics are better suited for longer-term investors.

Technical and sentiment indicators are better suited to shorter-term "swing" traders.

Questions?

I'm a new platform member and I've been using the options scanner to identify put/call credit spread positions. I've had good short term success since starting a week ago. The only problem is, I can never get filled at your suggested premium amount. I always have to settle for less than the suggested premium. Is there anything I can do to improve that? -- Danny

Use limit orders.

Adjust strike prices.

Don't chase. Getting filled at a bad price is starting you off on the wrong foot.