

# Disclaimer

- Today's webinar is for educational purposes only.
- Nothing in today's presentation should be considered a recommendation to buy or sell any security.
- All stocks and options shown are examples only
- Any pricing or potential profitability shown does not take into account your trade size, brokerage commissions or taxes which will affect actual investment returns.
- Stocks and options involve risk and are not suitable for all investors and investing in options carries substantial risk.
- Past stock or option performance is no guarantee of future price appreciation or depreciation.
- Prior to buying or selling options, a person must receive a copy of Characteristics and Risks of Standardized Options available at: <http://www.cboe.com/Resources/Intro.aspx>.

# *InvestorsObserver* Workshop

# InvestorsObserver Workshop

- Charts
- What Else is Happening?
- Hot Right Now
- Member-driven content: Questions, site demonstrations, etc.
  - Can prepare slides for questions submitted ahead of time: Mention “workshop”

# S&P 500



S&P 500  
One Year

# NASDAQ



Nasdaq  
One Year

# Russell 2000



Russell 2000  
One Year

# S&P 500 vs. Equal Weight

One Year



# Growth vs. Value

VTV vs. VUG One year



# Energy vs. Teck

XLE vs. XLK One year



# Hot Right Now

- Energy
  - Thermal Coal
  - Oil & Gas E&P
  - Oil & Gas Midstream
- Utilities
  - Independent Power Producers
  - Regulated Gas
  - Regulated Electric
- Basic Materials
  - Coking Coal
  - Agricultural Inputs
  - Lumber & Wood Products
- Financial Services
  - Insurance - Property & Casualty
  - Shell Companies
  - Banks - Regional
- Real Estate
  - REIT - Residential
  - REIT - Specialty
  - REIT - Industrial

# What Else is Going On?

- Recession Talk
  - Mostly just talk at this point
  - Labor market many other measures remain healthy
- Interest Rates / Inflation / Federal Reserve
  - “Bullwhip Effect” starting to show in retail
    - Also possible in commodities, but on a longer timeline... some commodities will remain tight for a while
  - Retail reports suggest discounting is about to make a comeback
  - Fed has a tough job
    - No tools to increase supply
    - Hopefully will be responsive to changing conditions in “core” inflation
- Earnings Season
  - Guidance and estimates cuts might make “beats” easier
  - Focus is likely to be on forward guidance
  - Watch market reaction in first few days, can suggest tone for the rest of the season

# Questions?

*My question is when do you consider getting out of a BPS? What factors do you look at? –Jim*

- General Rule: When it seems more likely than not that the stock will be below the sold strike price at expiration, start looking for the exit
  - Can act with more/less urgency depending on time to expiration.
- Consider:
  - Stock-specific factors
    - Why is the stock going down?
  - Market-wide factors
    - Are all stocks going down?
- Can wait for:
  - Support levels
  - Known catalysts

# Questions?

*I know InvestorsObserver potential option trades states things like max profit, money at risk, and breakeven, but for me it would be helpful if the site had recommendations/suggestions on when to consider exiting an option trade if things are going sideways. I realize this is not a hand-holding site per se, but if there was something like “if the price of X reaches Y, consider exiting the position” might be helpful for traders like myself (and would help me have a greater understanding of possible exit strategies going forward). –TJEG*

- Each trader and strategy is different.
- For vertical credit spreads: see previous answer
- Covered Call and Short Puts: Can be part of a “wheel” strategy where stock ownership is accepted/planned for. Or not...
- Diagonal Spreads don’t have quite the same ability to hold on forever as CCs/Puts, but can sell multiple calls against them
- Things to consider on previous slide are valid for all strategies.
  - If you like the stock, but the market sticks... maybe stick with it
  - If something has changed about the stock... maybe dump it

A note about “sideways”: Most IO trades will be fine if the stock goes literally sideways

# Questions?

*What do you think about cryptocurrency ETFs? What about BITI which shorts cryptocurrency?*

*Are Chinese stocks too risky?  
-Don*

Not sure I understand the sales pitch for crypto ETFs.

If you like Bitcoin, why not own Bitcoin?

A lot of the crypto ETFs are just holding stock in crypto or Blockchain companies.

These might do something, but there's a wide range of businesses happening here.

"Short" ETFs have higher fees than traditional ETFs due to how they're structured.

May be fine as a trading vehicle.

Not believing in something isn't a valid short thesis. Early and right is still wrong.

Chinese stocks:

Stock ownership entitles you to a share of future profits. What is the likelihood the Chinese

Government allows large transfers of wealth from Chinese citizens to American investors?

Arbitrary governance: New rules can come at any time and companies have little to no recourse.

Financing Chinese technology and infrastructure