

Disclaimer

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- Nothing in today's presentation should be considered a recommendation to buy or sell any security.
- All stocks and options shown are examples only
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- 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, Daily Candles



Growth vs. Value

one year, daily candles



Hot Right Now

- Energy
 - Thermal Coal
 - Oil & Gas Drilling
 - Oil & Gas Midstream
- Utilities
 - Diversified
 - Regulated Electric
 - Regulated Gas
- Industrials
 - Infrastructure Operations
 - Airports & Air Services
 - Railroads
- Consumer Defensive
 - Confectioners
 - Discount Stores
 - Brewers
- Basic Materials
 - Paper & Paper Products
 - Coking Coal
 - Copper

What Else is Going On?

- Federal Reserve Still in the Driver's Seat
 - Slowing pace of hikes
 - Hiking cycle likely to end early 2023
 - Rates likely to remain "elevated" for a while
 - Elevated means above whatever the Fed thinks the "natural" rate is
- Economic Data Generally Pretty Good
 - Signs of cooling, but nothing looks really bad
 - Housing is maybe the biggest exception here, but housing has a lot of peculiarities around it.
- Developments in China will be interesting
 - End of Zero Covid, but a huge increase in Covid
 - Reopening could push commodity prices higher (but maybe not, China's economy is a mess)
 - May also help reduce the cost of some finished goods
- Santa Claus Rally?
 - Hard to predict, but I like the setup.
 - End of a down year
 - Post Fed slide put things a little bit into oversold territory so we might move into the after-Christmas period on an upswing
 - Year-end tax selling a potential complication

Questions?

World tournament was fun but.....I didn't get to start at the beginning missed it. I am not a day trader but I went with the last 3 hours/ADX, to pick the winner ("this or that") But today I checked on 11 of the group choices....."the winner stocks". So... as of 12/4 shows 7 down and 4 up.....about 50%???. This was just a quick sample? Obviously there were pickers much better than I.....but learning is good. This might not be a good question for the 21st but still I wonder. There is always the tricky overnight trading?? Thanks.

also you might discuss military contracts (and/or the related market segment) - GD and LMT seem to be doing good? – Marceen

Stock Tournaments are fun, but as you've identified, daily price action doesn't really relate to anything long term. Especially in a market like this where the whole market often does the same thing.

Extended-hours trading in individual stocks is often pretty wild. Most people trade during regular hours, so there's more liquidity. Extended hours also frequently is on stocks with news.

Overnight futures trading is a different ball game. Liquidity is less of an issue, but the market's reaction to international events tends to be less nuanced. If all you're trading is S&P 500 futures, everything is good or bad, not good for some and bad for others.

This is particularly the case lately, with the Fed and international events being major drivers.

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High correlations have been a big theme of the last year. Lots of days where most stocks were either up or down.



Defense Stocks: Certainly never seem to go out of fashion. Particularly now when multiple world governments are sending supplies to Ukraine and will need to replenish their own stores. Some Defense contractors aren't pure play (Boeing, Oshkosh), so those are either more diversified, or more exposed to the "real" economy, depending on how you look at it.

Questions?

I have noticed some stocks options have some very strange strike pricing, example Jan23 and Jan24 strike lists for MPLX shows strikes at 29.43, 26.43. Can you explain this weirdness – Rich

An options contracts covers 100 shares of stock when it is written.

What happens when the company spins off a unit, splits, is acquired in a non-cash deal or some other unscheduled business transaction?

Contract Adjustments:

- OCC keeps track of these.
- In this case, special dividend (regular dividends don't count), the stock price is lowered by the amount of the dividend.
- Other transactions get treated differently
 - Splits and reverse splits will change the multiplier (a 2:1 split will be worth 200 shares).
 - Spinoffs and M&A activity get adjusted based on the deal terms.

Questions?

Could the FDA Calendar be sorted by stock Symbol. (or by the Status, i.e. for instance to be able to sort, say "Phase 3" status. - Kevork

- Will add sorting by symbol to the development queue.
- Status is a little more difficult because there's a lot of variation.
 - Phase 1 / 2 vs phase 2a
- Doing a lot of exciting stuff with data in 2023.
- A lot of behind-the-scenes work happening right now. Hopefully building a foundation to add a lot as the year goes on.

Questions?

I would appreciate a summary of the way to profit by selling put options. What general advice can you offer re the most advantageous stock characteristics on which to sell a put. In general, should the option be held until it expires worthless?

When should one exit a put sell?

How do I secure the listed "maximum profit" or is that just the return of the premium?

In tracking the status/report of a sell put, is a negative amount a good sign and a plus amount a bad sign?

- Dot Young

- A sold put is basically the same trade as a covered call.
 - Above the strike price, you keep the credit
 - Below the strike price, you're long the stock
- A good stock for a covered call and a good stock for a short put will be basically the same (maybe excluding dividends)
- Something you don't mind owning, that also has a little bit of volatility to it.
- Since you are short the option, you can close it early when the price goes way down (stock goes up)
 - This frees up your capital so you can sell another put or something else.
- Major difference between a short put and a covered call:
 - Put price goes up when the stock falls.
 - Call price goes up when the stock goes up.
- Maximum profit is equal to the premium amount
- It depends on what you're seeing. A negative change in the price of the option is a positive for you

Questions?