

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
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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



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