

# 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





# What Else is Going On?

- Russia/Ukraine: Lots of volatility
  - Also in commodities
- China is an interesting wildcard
  - Trying to play both sides RE: Ukraine
  - Could threaten Taiwan while the rest of the world seems distracted
  - Also: Economy not doing great. Covid and struggling real estate firms
    - Covid shutdowns likely mean more shortages of “stuff” in the U.S.
    - Economic slowdown takes some pressure off of commodity prices globally, could help with oil prices
- Interest Rates / Inflation
  - New expectations are for inflation to be above 2% into 2023
  - Interest rates to be near 2% by the end of 2022
  - Everything else is pretty hard to figure out (see top of slide)

# Hot Right Now

- Energy
  - Thermal Coal
  - Oil & Gas E&P
  - Oil & Gas Drilling
- Utilities
  - Electric
  - Independent Power Producers
  - Regulated Water
- Real Estate
  - REIT - Residential
  - REIT - Industrial
  - REIT - Specialty
- Financial Services
  - Financial Data & Stock Exchanges
  - Banks - Regional
  - Insurance - Diversified
- Basic Materials
  - Aluminum
  - Steel
  - Coking Coal

# A Note About Chinese Stocks

- All companies are required have audits inspected since 2002
  - China hasn't complied
  - A 2021: HFCAA, requires SEC to publish list
    - Delisting won't occur for three years... so 2025
  - There's a chance this will get worked out and some chance it won't
  - There's also a chance Chinese ADRs could be delisted for some other reason
- Many of these companies have shares that also trade in Hong Kong and the ADRs are convertible.
  - Ask your broker
    - Not every company has the same rules
    - Not every broker gives every account access to every international market
- Questions
  - Why do you feel like you *need* to own shares of a company that won't share audited financials?
  - Hong Kong market is controlled by the Chinese government, is that a set of risks you are comfortable with?
    - As a (presumably) American investor, how much money do you expect to flow out of China into your pocket?
    - As a (presumably) American investor, what motivates you to take these risks to give China's economy cheap capital?

# Questions?

*I am new to the platform and I was looking over the investor keyhole and saw that unusual option call on WMT (from 3/7). The strike is very far OTM, a price WMT has never been to yet you say it was likely on the buy side. Those contracts were bought at 0.18 and are down to 0.06/0.07. Could you please explain how you reached a "likely on the buy side" for this? --Himanshu*

Walmart (WMT) is getting some attention from bullish option traders Monday. In particular, the April 165 call caught our attention. At 10:44 this morning **2,750 contracts** crossed, against **open interest of 38 contracts**. This trade moved **high in the bid-ask spread**, indicating it was likely initiated from the buy side.

The technicals for WMT are bullish with a sideways trend. It has support around \$134.34. The stock is trading up today at \$140.97. Look at the **April \$120.00/\$125.00 bull-put spread** for at least a \$0.25 credit. This trade has a target return of 5.26% and the stock has to fall 11.33% to cause a problem.

- Volume, Open Interest, Pricing
  - Volume > Open Interest = new contracts
  - Pricing low indicates likely selling, pricing high indicates likely buying
- We make a trade in a similar direction, that doesn't require the stock to move.
  - Stock is still well above \$125, putting this in line for a full profit.