

# Disclaimer

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# *InvestorsObserver* Workshop

# InvestorsObserver Workshop

- Charts
- Hot Right Now
- What Else is Happening?
- 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
- Industrials
  - Infrastructure Operations
  - Trucking
  - Industrial Distribution
- Consumer Cyclical
  - Residential Construction
  - Lodging
  - Restaurants
- Consumer Defensive
  - Beverages - Brewers
  - Confectioners
  - Beverages - Non-Alcoholic
- Utilities
  - Utilities - Diversified
  - Utilities - Independent Power Producers
  - Utilities - Regulated Water

# What Else is Going On?

- Economic Data Generally Pretty Good
  - Some softening, but nothing that really looks like a recession
  - Jolts report showed some softening in Feb. Jobs per unemployed person at 1.5, down from 2
- Fed Has a More Complicated Task Now
  - Banks are raising deposit rates
    - Will cut earnings
    - Will also take some money out of other parts of the economy.
  - "Long and variable lags" starting to show up in the banking sector
    - Would expect a pause soon.
    - Some comments this week about more hikes being needed, but those aren't from Fed Board members who are voting this year
- Housing Market Slowing
  - Homebuilders are doing great, not building a ton of homes, selling all of them
  - Prices are steady because no one is selling
- Debt Ceiling
  - Not close enough to be a concern yet, but will be hearing about it more as we get closer to June
  - First thing to watch is the short-term Treasury Note market

# Questions?

*It seems that many people left the stock market. It is time to leave now? –Paula*

- Not exactly sure what this is based on?
  - Who left?
    - Lots of people started trading actively during the pandemic
  - What does it mean to "leave the stock market"?
    - Did everyone go to cash, bonds?
  - When did they leave?
    - If they're all gone, why would you go now?
  - Why did they leave?
    - Things reopened? They all went broke?

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- Maybe some people left, are trading less, or pulled some money out, but If you plan to be invested for any length of time, you never want to "leave" the stock market.
- "Tightening" means other assets become more attractive.
  - Banks are advertising interest rates again!
  - Bond yields on the short end are above inflation
  - There are lots of options in terms of places to put money that offer some real returns, this was much less true when interest rates were 0.0%
- Losses may have been overstated, or maybe more accurately, some people took much larger losses than the market as a whole.

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# Questions?

*Best lithium mines in the us. I guess the government wants to stop imports by 2035. I understand China. But why would they stop imports from Canada and Australia. 2035 is a long way away though. I think we have 2 here? Also, disposal or recycle companies for batteries? –Marceen*

- As of Sept. 2022, there was one operating lithium mine in the U.S. (ALB)
- There are several more that are in some stages of development, but that can be a lengthy, expensive process
  - There are a bunch of micro-cap companies (penny stocks) claiming to have lithium reserves, but that may or may not be true, and they may or may not ever mine any of it, so be careful with things like that
- I think those import restrictions are more a goal than any kind of hard rule. My guess is, that messaging is to try to get as much capital into U.S. production, as opposed to Canada or Australia, which both have existing lithium industries.
- I have looked for battery recycling companies and there isn't much right now. My guess is that this will pick up, but whether it's new companies, existing battery companies, or existing waste and recycling companies that do it, is unclear.

# Questions?

*When we are strategizing a covered call is our main goal income or capital appreciation? (make a smaller amount from selling the call, but go for a higher strike price.) If we sell covered calls, say 45 days out 10 to 15 delta, does the call expire worthless most of the time? What if the underlying stock is not moving higher and goes south? How would you strategize in a situation when stock loses value? –Kevork*

- My main goal is usually to make money from selling the call.
  - If I were good at picking stocks, I'd focus on that and worry less about the options, but predicting the future is hard.
- Delta is roughly the probability of being ITM at expiration, so .15 has an 85% chance of expiring worthless
- At 45 DTE and .15 delta, you're looking at something less than 1% of the stock price from the call. (if you turn that every 45 days for a year, you're looking ~6% extra)
- You can buy back calls sooner, because the value goes away quicker when the stock falls.
- Sometimes you can sell another call, but I prefer to keep the trade profitable if assigned, just in case the stock rallies.

# Questions?