

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



Hot Right Now

- Energy
 - Thermal Coal
 - Oil & Gas Drilling
 - Oil & Gas E&P
- Utilities
 - Regulated Electric
 - Regulated Gas
 - Independent Power Producers
- Consumer Defensive
 - Confections
 - Discount Stores
 - Food Distribution
- Industrials
 - Infrastructure Operations
 - Consulting Services
 - Industrial Distribution
- Basic Materials
 - Agricultural Inputs
 - Coking Coal
 - Lumber & Wood Products

What Else is Going On?

- It's Jay Powell's market, we're just (trying to) trade in it.
 - Inflation and employment data and the Fed's response are the big drivers right now
 - Last week's post jobs numbers drop result of Fed messaging about wanting to see less-tight labor market
- Economic Data Generally Pretty Good
 - Jobs data better-than-expected (implies more Fed tightening ahead)
 - Inflation showing signs of moderating
 - Not falling quickly
 - Slowing in some areas
 - Increase slowing in others
 - CPI tomorrow
 - Housing market remains broken, but crash seems unlikely
- Earnings around the corner
 - A few pre-announcements
 - Pre announcements are usually bad, companies are managing expectations
 - Lots of low estimates
 - So far, market seems to be punishing weakness more than rewarding strength.
- Chip export controls will be interesting
- Railroad strike looming again
- Russia always has the potential to cause trouble

Questions?

I have questions:

- 1. What to do when market is acting so bad?*
- 2. How to protect my principal?*
- 3. What to buy or sell?*
- 4. Time to own some gold and silver ?*

–Chih-Yan

- Hold on. Bear markets don't last forever.
 - Selling now just locks in losses
 - You can't defend against a bear market during the bear market
 - Have to tend your portfolio all the time.
- Money you can't afford to lose shouldn't be in volatile asset classes.
- There's probably some bargains to be had, but, given the first two questions, you're looking for cash-generating businesses, not just the stocks that are down the most.
- Gold and Silver are also down, and not just a little bit.
 - No dividends, earnings or cash flows.
 - Work best as a hedge against inflation, except when they don't.

Questions?

I have a question about Warrants vs Options. When would you want to choose a warrant over a Call Option and vice versa. –Mark

- Functionally, warrants and call options are basically the same.
 - You get the right, but not the obligation to buy a stock at a set price up until some date.
- Differences:
 - Warrants are issued by the company
 - Fixed number of warrants
 - Underlying shares are newly issued, and so dilutive to other shareholders
 - Warrants frequently trade OTC, so less liquidity
 - Typically a single strike price and expiry
 - Options are their own market
 - Anyone can write options
 - Shares exist already
 - Multiple liquid markets
 - More strike prices and expiries to choose from
- Warrants mostly due to SPAC issuance.
 - They are also a way to take a leveraged position, but these companies are often pretty shaky
 - Warrants are often for more than IPO price, while many of the stocks are well below

Questions?