



WEEKLY RADAR REPORT 1-9-2023



Technical Market View

The **SPX** finished the first week of the year on a strong note closing positive Friday in a large rally to 3900 and showing impressive internal breadth all week despite sluggish price action until Friday's jobs report sent prices higher and closing back above the 21 EMA for the first time since mid-December. The market likely now has potential to rally further to the 4000 large resistance level ahead of the CPI report Thursday and then a big January OPEX next week. With MACD seeing a bullish cross and NYSI breadth confirming it looks like the recent strong support at 3800 and 50% retracement was a solid zone that showed buyers defend. Staying above 3870 now will be a key spot to watch if the rally advances to the 200-day MA up near 4000. RSI is also crossing back over the 50 mid-point level with Friday's strong move.



Market Sentiment/Breadth

AAll sentiment for the week ending 1/4 showed bullish responses fall to 20.5% from 26.5% prior while bearish responses fell to 42.0% from 47.6%. Neutral sentiment rose to 37.5% from 25.9%. This is the second time in three weeks with a bullish sentiment reading ranking among the 60 lowest ever recorded since the survey started in 1987. NAAIM Exposure index decreased to 38.79 from 43.48 and is below last quarters average of 51.03. Lipper fund flows for the week ending 1/4 had \$16.2B of outflows in equities. Friday's close saw NYSE new highs at 79 while new lows of 25 and the 10-day MA of New High/Low Differential is at -26. The percentage of SPX stocks above their 50-MA is 67.8% while those above their 200-MA was 57.6%. NYSI and NASI Summation indexes have crossed above the 8-MA for a short-term bullish signal. NYMO McClellan Oscillator closed at +54 and is just above neutral. Cumulative AD line crossed above the 40 EMA and above the 89 EMA long term signal. CBOE Equity P/C 50-day MA at 0.90 and at new highs based primarily on put arb trades skewing the data. CNN Fear and Greed index is in Neutral zone at 46 from 37 last week.

Seasonality Outlook

Per the Trader's Almanac,

- Nasdaq has a stellar record in January going back to 1971 the average gain is +2.5%, the best month of year and up 34 of the last 52 years. In pre-election years, the avg gain jumps to +6.8%.
- The first 5 days of January are an early warning system to the rest of the year and during pre-election years has a solid record. 15 of the 18 pre-election years followed January's direction.
- November, December, January constitutes the year's best 3-month span, a 4.2% S&P avg gain.

Below shows the daily odds the market has been up each day since the year 2000. The second week of the month is more mixed but tends to see more strength from the Nasdaq growth stocks. Early week upside has tended to fade by end of week which is also the week prior to January monthly OPEX which is often a large options expiration as LEAPS expire. Overall early week strength in Nasdaq especially has been evident. The January options expiration week shows a bullish bias for Nasdaq but Wednesday being the strongest day of the week with 71% of years higher since 2000. OPEX Friday itself has been mixed but improving since 2011, up 10 of the last 12 years for the Dow.

Seasonality Percentages							% up since year 2000
	Monday	Tuesday	Wednesday	Thursday	Friday	Weekly Avg	
	1/9/2023	1/10/2023	1/11/2023	1/12/2023	1/13/2023		
Dow	38.1	52.4	57.1	47.6	47.6	48.6	
S&P	47.6	61.9	66.7	47.6	47.6	54.3	
Nasdaq	66.7	61.9	71.4	52.4	42.9	59.1	
Average	50.8	58.7	65.1	49.2	46.0	54.0	
	Monday	Tuesday	Wednesday	Thursday	Friday	Weekly Avg	
	1/16/2023	1/17/2023	1/18/2023	1/19/2023	1/20/2023		
Dow	Closed	52.4	57.1	47.6	42.9	50.0	
S&P	MLK Day	52.4	71.4	47.6	52.4	56.0	
Nasdaq		38.1	71.4	52.4	42.9	51.2	
Average		47.6	66.6	49.2	46.1	52.4	

Market Event Outlook

Monday: Fed's Bostic Speaks, Consumer Credit; **International Data:** German Industrial Production, Italy Unemployment, Eurozone Unemployment; **International Earnings:** None; **Earnings Before the Open:** AYI, CMC, TLRY; **Earnings After the Close:** ACCD, AZZ, JEF, PSMT, WDFC; **Analyst Meetings:** None; **Conferences:** J.P. Morgan Healthcare Conference (JNJ, MRK, PFE, AZN, NVS, BMY, AMGN, GILD, MDT, REGN, VRTX, ZTS, MRNA, HUM, DXCM, CNC, ILMN, RMD, ALNY, BGNE, SGEN, ARGX, BMRN, WAT, INCY, RPRX, UTHR, AVTR, NBIX, SRPT, JAZZ, BRKR, PEN, CTLT, EXAS, INSP, ASND, AGL, QDEL, EXEL, OSH, NVST, APLS, ITCI, RXDX, TXG, ARWR, TDOC, GOLD, CYTK)

Tuesday: Fed Chair Powell Speaks, Final Wholesale Inventories; **International Data:** Japan CPI, China Money Supply, Canada BOC Gov Macklem Speaks, Japan BOJ Gov Kuroda Speaks; **International Earnings:** Yaskawa Electric; **Earnings Before the Open:** ACI, BBBY, SNX; **Earnings After the Close:** None; **Analyst Meetings:** None; **Conferences:** J.P. Morgan Healthcare Conference, Needham Growth Conference (CIEN, MXL, NATI, SSNC, TYL, MDB, CLH, ALGM, OLED, SMAR, PWSC, SYNA, AEIS, SRAD, ESMT, FORM, MGNI, CLFD)

Wednesday: Crude Oil Inventories, 10-year Bond Auction, Business Inflation Expectations; **International Data:** Australia CPI, Retail Sales, Italy Retail Sales; **International Earnings:** ABC Mart, BIC Camera; **Earnings Before the Open:** SJR; **Earnings After the Close:** KBH; **Analyst Meetings:** STNG; **Conferences:** J.P. Morgan Healthcare Conference, Needham Growth Conference

Thursday: Fed's Harker Speaks, CPI, Jobless Claims, Fed's Bullard Speaks, Fed's Barkin Speaks, 30-year Bond Auction; **International Data:** China CPI/PPI, Eurozone Economic Bulletin; **International Earnings:** Fuji Co, Nomura, Tesco; **Earnings Before the Open:** TSM; **Earnings After the Close:** MITK, WAFD; **Analyst Meetings:** GXO, AQN, STNG; **Conferences:** J.P. Morgan Healthcare Conference, Needham Growth Conference

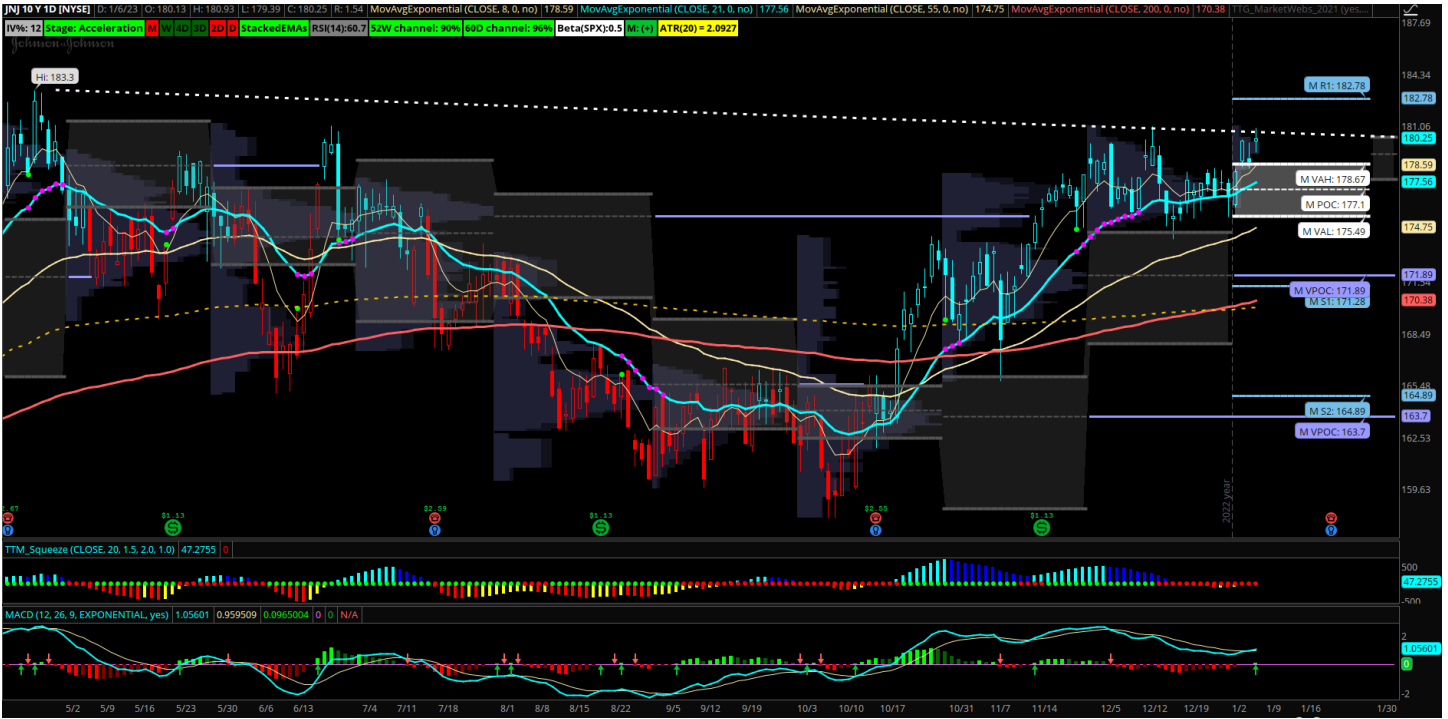
Friday: Prelim Consumer Sentiment; Fed's Harker Speaks; **International Data:** UK GDP, Industrial Production, Eurozone Industrial Production, Trade Balance, French CPI; **International Earnings:** Aeon, Sakata Seed; **Earnings Before the Open:** BAC, BLK, BK, C, DAL, FRC, JPM, UNH, WFC; **Analyst Meetings:** None; **Conferences:** None

Weekly Open Interest Radar

J&J (JNJ) shares forming a bullish cup and handle pattern with a MACD bull cross poised to breakout prices through the trendline from last years highs and clear 180 on the way to 190 which is the 1.272 fib extension from 2021 highs to October lows. JNJ has large bull open interest still in January 2024 \$155 ITM calls and \$200 calls, the latter which has held since buying 2300x on 8/30 for \$4.10 and now up over 60%. Also, size calls in OI for June \$180 calls bought on 10/6 near the lows that have almost doubled and still holding.

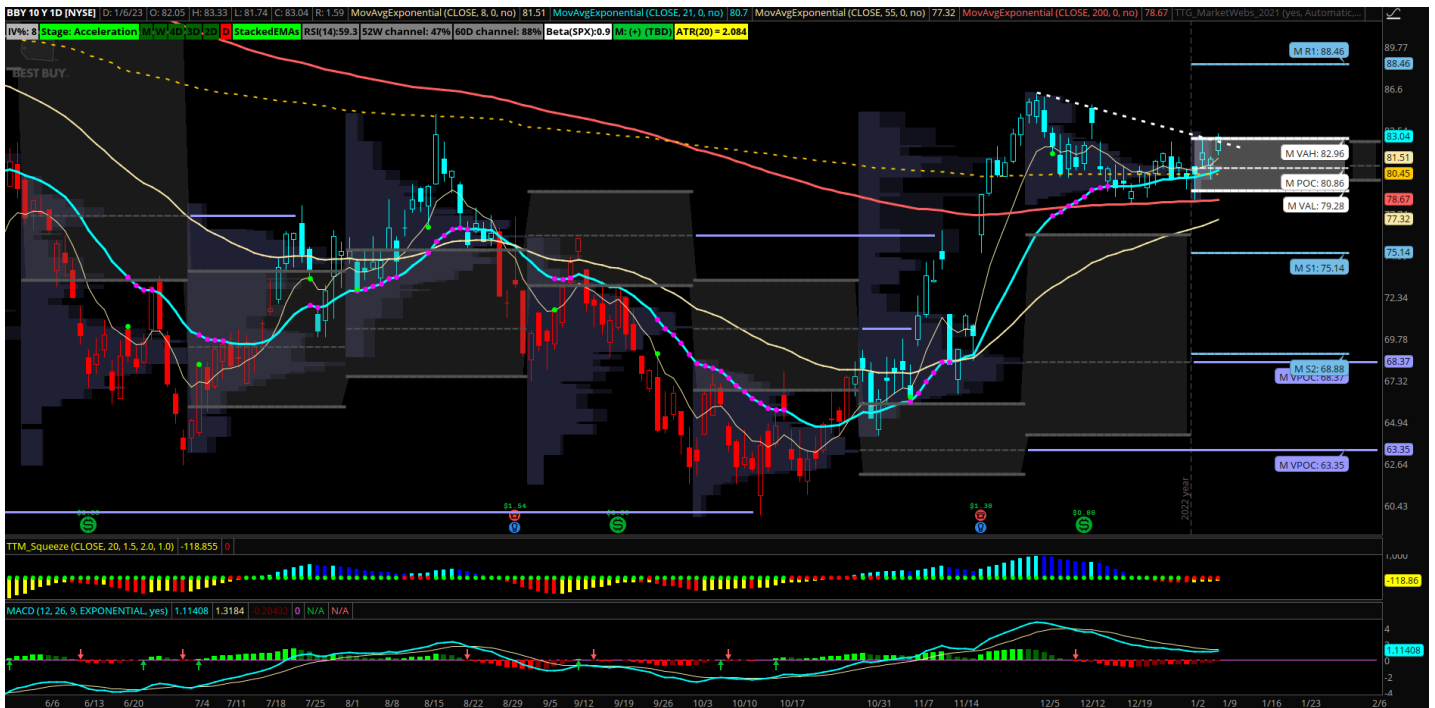
Trade to Consider: Long JNJ April \$185 calls for \$4.80 or better

Date	Ticker	Contract	Volume	Price	OI	Delta	IV	Premium ▾
10-13-2021	JNJ	JNJ 100 19 JAN 24 155 CALL	1,800	\$18.75	18	0.54	21.34%	\$3,456,000
08-30-2022	JNJ	JNJ 100 19 JAN 24 200 CALL	2,356	\$4.1	686	0.21	20.01%	\$989,520
10-06-2022	JNJ	JNJ 100 16 JUN 23 180 CALL	1,617	\$4.75	550	0.30	20.75%	\$816,585
11-16-2022	JNJ	JNJ 100 21 JUN 24 170 CALL	252	\$22.4	39	0.58	22.31%	\$563,220
11-22-2022	JNJ	JNJ 100 16 JUN 23 200 CALL	2,014	\$2.18	1,861	0.19	16.56%	\$445,094
12-28-2022	JNJ	JNJ 100 20 JAN 23 182.5 CALL	1,116	\$0.93	966	0.23	15.4%	\$102,672



Weekly Options Technical Trade Set-Up

Ticker	BBY
Trigger Level	83.50
Call/Put	Calls
Strike	83
Target	86
Stop	80

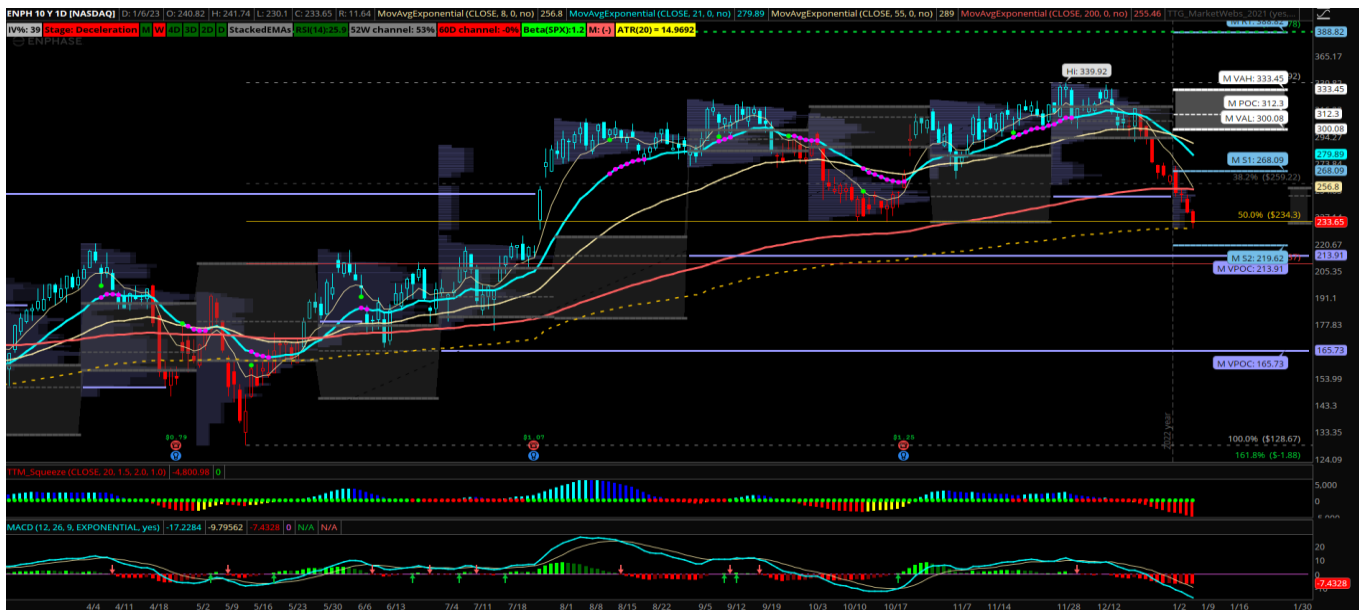


Credit Spread of the Week

Bull Put Spreads in Solar Name Pulling Back to Long Term Support

Enphase Energy (ENPH) has faded back down to its one-year VWAP near 230 and this level also coincides with the 50% retracement of the entries rally up from the May lows at 130 to the highs at nearly 340 made just last month. The solar sector has seen a bit of a crowded trade the past 6 months now pullback to long term support and back at a spot where bull put spreads make sense for a rebound. Options flows have some large, short puts in open interest including the January \$230 and \$220 short puts as well as larger Jan \$290 puts now ITM and needing a rally to salvage. ENPH also last week saw a massive opening sale of 1000 January 2024 \$175 puts sold at \$23.55 and 250 Jan 2025 \$195 puts sold to open at \$45.70 both showing confidence in these levels finding support from buyers.

Trade to consider: Sell ENPH February \$220/\$210 bull put spreads at \$3.70 credit or better. Targeting 50% profit of the credit.



Insider Trade of the Week

New Fortress Energy (NFE) had a large notable insider buy on 12/28 from director William Griffin buying over 10,000 shares at \$41.06 for \$410K in total and increasing his stake by +3%. This follows a different director also buying 3,370 shares on 12/22 for \$41.70 or about \$130K total. These purchases are also the largest insider buy for the stock since August 2021 when the stock was near 27. Shares are trading back near one year support and last week hit a big VPOC level that was untested since forming back in July near the 37 level. NFE was up about 90% in 2022 and peaked higher near the 60 level before coming back down with energy prices to end the year. Resistance is above at 40 which is the 21 EMA and 200 EMA just above that at 42. A move through there can fill a gap at 45 with a VPOC also sitting at near 47.

The \$7.9B company trades at 6.5x earnings, 3.5x sales, FCF yield in FY23 at 6.8% and is expected to see revenues grow +98% in FY22 and +32% growth estimated in FY23. NFE is an integrated gas-to-power infrastructure company, which is engaged in providing energy and development services. NFE just recently paid out a \$3.00 special dividend and has a 1% yield while also adjusted its dividend policy saying that NFE is targeting an annual cash dividend equal to approximately 40% of its annual Adjusted EBITDA. NFE expects to generate more than \$11 billion of additional liquidity over the next three years, which it plans to use primarily to facilitate accretive investments, including investments in floating LNG facilities and downstream capital expenditures, and to pay significant dividends to shareholders. Average analyst price target is at \$69. Barclays raised their target to \$53 from \$48 and keeps an Equal Weight and continues to view the run-

rate valuation as fair on a risk-adjusted basis following the company's Q3 results. Jefferies started at a Buy and \$65 target in October while Evercore boosted its target to \$74. Short interest is at 5.5% and hedge fund ownership rose 1.5% last quarter. Druckenmiller started a new position last quarter of about 390K shares. NFE saw a large bullish trade in November when 3700 December 2023 \$60/\$75 call spreads were bought at \$3.40 and still in open interest.

Earnings Preview

JP Morgan (JPM) is reporting earnings on 1/13 before the market opens and the Street is looking for \$3.12 EPS on sales of \$34.19B. Shares have closed lower 7 of the last 8 reports with a median closing move of -2.25% and average max move of 4.03%. Current implied move is 3.91%. The average IV crush for earnings is -8.97%. Historical put/call OI percentile sits at 99.30%. Short interest is at 0.63% and has increased 9.47% the last 3 months. Shares have formed a bullish cup and handle pattern and broke out to fresh 6-month highs Friday as the market surged higher. JPM has open space up to the 146.50 level which is an untested VPOC from last year. Support is seen at the top of monthly value currently at 133.40 and the rising 21 EMA nearby as well. JPM has rallied strong from the October lows near 100 and now well over 35% higher back into a confirmed uptrend leading the financials.

The \$404.60B company trades at 10.7x earnings, 2.9x sales, FCF yield of 22.4%, ROE at 13.7% and dividend yield at 3.0% and revenue expected to grow 4% in FY22 and +9% growth estimated in FY23. Analysts have an average target for shares at \$145. Deutsche Bank downgraded to Hold and \$145 target as the analyst believes new lows seem likely for U.S. bank stocks. He assumes bank stocks will trade below their historical 60%-80% range, saying bank earnings may be peaking. He also sees downside risk from reserve build and valuations if there is a recession. Barclays raised its target to \$189 from \$162 and keeps an Overweight rating saying they believe 2023 should see net interest margins peak for the large-cap banks, deposit betas rise, loan growth slow, and loan losses increase. In addition, banks trade well above tangible book value despite recession concerns. Option flows have been mixed recently after being quite bullish before the recent rally began in October. The past week seeing heavy put buyers in February \$145 and \$140 puts bought with the latter seeing over 4000 opened for neat \$8.00 and over \$4.5M total. June \$140 puts also bought last week 1500x for \$10.55 and recent size call sellers in July \$140 and \$145 calls sold to open 1700x each for over \$2.5M combined. JPM has also seen September \$125 calls bought 1300x for \$16.80 and large buy of 10,000 March \$150 calls at \$1.34 while the Feb \$115 puts sold to open 10,000 for \$1.57.

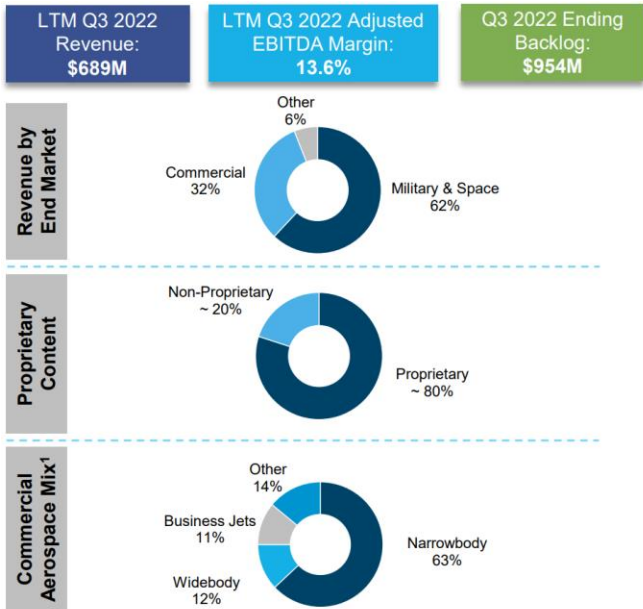
Trade to Consider: Long **JPM** Jan/March \$140 call calendar spread at \$3.60

Weekly Small Cap Write-Up

Ducommun (DCO) shares with a strong start to 2023 working out of a long consolidation pattern with potential to make a strong move back to 2022 highs and a name that screens well every single year worth a closer look after it held an Investor Day in December.

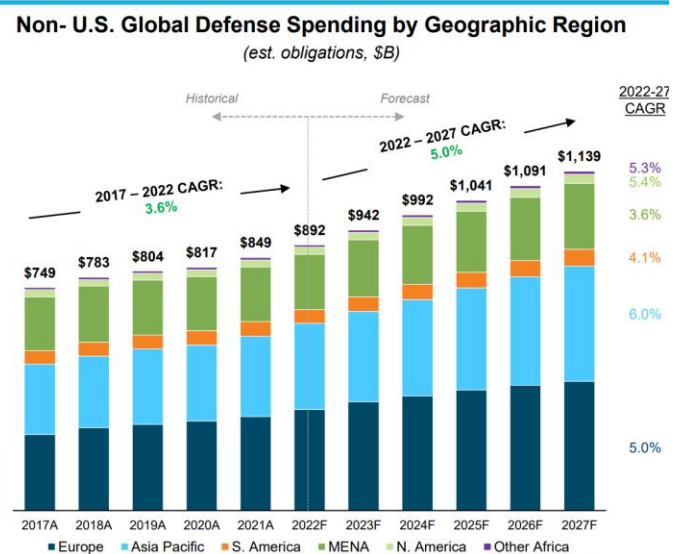
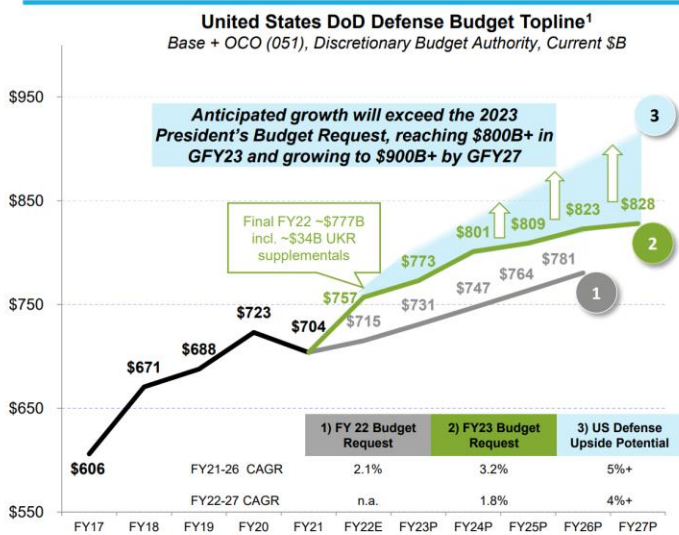
Ducommun Incorporated is a leading global provider of engineering and manufacturing services for high-performance products and high-cost-of failure applications used primarily in the aerospace and defense, industrial, medical and other industries. Electronic Systems and Structural Systems are its main operating segments. Electronic Systems designs, engineers and manufactures high-reliability electronic and electromechanical products used in worldwide technology-driven markets. Structural Systems designs, engineers and manufactures various sizes of complex contoured aerospace components and assemblies and supplies composite and metal bonded structures and assemblies. Structural Systems' products are primarily used on commercial aircraft, military fixed-wing aircraft and military and commercial rotary-wing aircraft. DCO revenue exposure to commercial aerospace is just over 24% while exposure to military and space end-use is around 70%. Military components are employed in many of the country's front-line fighters, bombers, rotary-wing aircraft and support aircraft, as well as land and sea-based applications. In the space

sector, DCO is expanding its presence with unmanned aerial vehicles and continue to support various satellite programs. Top customers include Boeing at 8% of revenues and Raytheon at 24%.



Leading manufacturer mainly as a Tier 1 supplier of complex electronics and structural systems for the commercial aerospace, defense, and space markets

DCO has a market cap of \$610M and trades 16.2X Earnings, 8X EBITDA and 0.89X Sales with a 5.5% FCF yield and strong balance sheet. DCO revenues are seen rising 6.2% in 2023 with 11.4% EBITDA growth. DCO has been active with acquisitions and is focused on expanding its portfolio of engineered products which hit 15% of revenues in 2022 and targets 25% of revenues by 2027. The company is also increasing its aftermarket mix to 15% of revenues in 2027 from 10% in 2022. DCO has also been monetizing real estate assets and intends to sell its Monrovia facility in 2H23. The commercial aerospace recovery is accelerating DCO's growth with Airbus seen as a key driver. DCO is also gaining content in a lot of next generation defense platforms. DCO is also a World Leader in titanium which is seen growing at an 8% CAGR through 2026. DCO is targeting \$1B in revenues by 2027 with margins seen rising to 18% from 14%.



Several avenues of growth through the next generation of defense platforms and priorities

January 13th (W) 2023 OpEx Notable Open Interest

Date	Description	Volume	Current C	Current Price	Price Change	Current Value
1/4/2023	NFLX 100 (Weeklys) 13 JAN 23 290 CALL	1,050	2,525	\$27.09	70.38%	\$6,840,225
12/27/2022	TSLA 100 (Weeklys) 13 JAN 23 115 PUT	3,500	6,693	\$5.86	-44.66%	\$3,922,098
12/21/2022	CAT 100 (Weeklys) 13 JAN 23 235 CALL	2,088	2,170	\$14.43	49.07%	\$3,131,310
12/19/2022	AAPL 100 (Weeklys) 13 JAN 23 130 PUT	10,223	11,244	\$2.70	-25.82%	\$3,035,880
1/6/2023	AMZN 100 (Weeklys) 13 JAN 23 83 CALL	4,358	4,358	\$4.09	115.26%	\$1,782,422
12/27/2022	TGT 100 (Weeklys) 13 JAN 23 148 CALL	1,121	1,306	\$13.47	314.46%	\$1,759,182
1/5/2023	AAPL 100 (Weeklys) 13 JAN 23 125 PUT	11,272	18,491	\$0.91	68.40%	\$1,682,681
12/22/2022	WBD 100 (Weeklys) 13 JAN 23 9 CALL	8,239	7,140	\$2.35	335.19%	\$1,677,900
12/14/2022	META 100 (Weeklys) 13 JAN 23 130 CALL	2,057	4,936	\$3.34	6.03%	\$1,648,624
12/29/2022	BRK/B 100 (Weeklys) 13 JAN 23 310 CALL	1,013	1,327	\$10.67	-115.56%	\$1,415,909
12/16/2022	AAPL 100 (Weeklys) 13 JAN 23 134 PUT	2,179	2,669	\$5.20	-7.22%	\$1,387,880
12/12/2022	PDD 100 (Weeklys) 13 JAN 23 74 CALL	600	604	\$22.32	57.96%	\$1,348,128
12/30/2022	PDD 100 (Weeklys) 13 JAN 23 85 CALL	1,003	1,103	\$11.70	-415.42%	\$1,290,510
12/29/2022	AAPL 100 (Weeklys) 13 JAN 23 128 CALL	1,248	3,523	\$3.45	-24.18%	\$1,215,435
12/22/2022	PFE 100 (Weeklys) 13 JAN 23 51 PUT	6,070	12,606	\$0.87	-17.92%	\$1,096,722
12/5/2022	NTES 100 (Weeklys) 13 JAN 23 72 CALL	1,000	1,001	\$10.30	106.00%	\$1,031,030
1/3/2023	AMZN 100 (Weeklys) 13 JAN 23 87 CALL	2,848	5,611	\$1.77	-31.92%	\$993,147
12/8/2022	RBLX 100 (Weeklys) 13 JAN 23 30 PUT	5,000	5,395	\$1.83	19.38%	\$987,285
12/9/2022	NKLA 100 (Weeklys) 13 JAN 23 3.5 PUT	6,282	6,289	\$1.45	-7.41%	\$911,905
1/5/2023	AMD 100 (Weeklys) 13 JAN 23 64 CALL	4,890	4,014	\$1.91	-4.02%	\$766,674
12/13/2022	M 100 (Weeklys) 13 JAN 23 22 CALL	2,008	7,059	\$1.08	-3.57%	\$762,372
12/12/2022	M 100 (Weeklys) 13 JAN 23 22 CALL	1,684	7,059	\$1.08	-22.30%	\$762,372
12/2/2022	AAL 100 (Weeklys) 13 JAN 23 13 CALL	2,004	6,227	\$1.20	-8.40%	\$747,240
12/19/2022	M 100 (Weeklys) 13 JAN 23 20 CALL	2,747	3,171	\$2.34	74.63%	\$742,014
1/6/2023	AMD 100 (Weeklys) 13 JAN 23 61 CALL	1,830	1,830	\$3.70	112.64%	\$677,100
1/5/2023	SHOP 100 (Weeklys) 13 JAN 23 37 CALL	4,123	4,761	\$1.41	28.18%	\$671,301
12/20/2022	ANF 100 (Weeklys) 13 JAN 23 23 CALL	2,903	2,664	\$2.47	252.86%	\$658,008
12/9/2022	LULU 100 (Weeklys) 13 JAN 23 330 CALL	326	618	\$10.50	30.23%	\$648,900
12/23/2022	AAPL 100 (Weeklys) 13 JAN 23 129 PUT	1,012	2,771	\$2.25	-38.36%	\$623,475
1/3/2023	ADM 100 (Weeklys) 13 JAN 23 88 PUT	1,515	1,518	\$3.80	-280.00%	\$576,840
12/12/2022	M 100 (Weeklys) 13 JAN 23 21.5 CALL	1,153	4,457	\$1.27	-22.09%	\$566,039
12/16/2022	ANF 100 (Weeklys) 13 JAN 23 22 CALL	1,566	1,394	\$3.90	178.57%	\$543,660
1/3/2023	SHOP 100 (Weeklys) 13 JAN 23 36.5 CALL	3,334	3,159	\$1.68	-11.58%	\$530,712
12/19/2022	M 100 (Weeklys) 13 JAN 23 20 PUT	1,602	18,779	\$0.27	-75.89%	\$507,033
1/4/2023	SHOP 100 (Weeklys) 13 JAN 23 38 CALL	2,901	4,988	\$0.99	-22.66%	\$493,812
1/5/2023	AAPL 100 (Weeklys) 13 JAN 23 122 PUT	8,796	10,785	\$0.43	74.10%	\$463,755
12/13/2022	PLAY 100 (Weeklys) 13 JAN 23 36 CALL	1,512	1,540	\$2.78	39.00%	\$428,120
12/5/2022	CMCSA 100 (Weeklys) 13 JAN 23 36 CALL	1,507	1,777	\$2.15	-79.17%	\$382,055
12/7/2022	MDT 100 (Weeklys) 13 JAN 23 79 CALL	1,405	1,467	\$2.60	-79.31%	\$381,420
12/12/2022	AA 100 (Weeklys) 13 JAN 23 45 CALL	1,506	1,762	\$2.16	31.43%	\$380,592
1/6/2023	BROS 100 (Weeklys) 13 JAN 23 29 PUT	3,102	3,102	\$1.20	14.29%	\$372,240
12/7/2022	DASH 100 (Weeklys) 13 JAN 23 50 PUT	1,315	1,215	\$3.06	-7.27%	\$371,790
1/5/2023	AEO 100 (Weeklys) 13 JAN 23 15 PUT	6,408	6,347	\$0.55	-17.91%	\$349,085

Disclaimer:

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