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Eastern Time, October 16, 2024

9:30 AM

Professor Emory Callahan (Helmsman)

Sharing Topics:

1. Oil price plunge and chip stock declines dragging down the market: can sector rotation bring opportunities?

2. Position management in trading: how to allocate risk wisely and ensure steady returns?

3. Crypto market trading strategies: seizing profit opportunities amidst volatility.

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Good morning, my friends!

I'm Emory Callahan, your old friend. A new day has begun, how are you feeling today? You might ask,"Emory Prof, how can I feel good after yesterday's stock market crash?" I'll respond with a smile, "That's just a little episode in life, it will pass quickly." You know what? After some time, you'll find that the troubles the stock market brings will have faded away. Those numbers that once caused you anxiety and those losing stocks will be forgotten over time. What remains should be our hope and faith in life. That is what truly matters!

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Last night, I lay in bed, revisiting the classic work "The Man Who Cracked the Market" by my mentor, Simmons. That book records the years we fought side by side. I have spent countless days and nights with my mentor, he taught me not only the calm analysis of numbers and markets but also profound life wisdom — to maintain inner peace and belief, no matter how the market fluctuates. There's a line in the book that still resonates with me: "The market is a complex and chaotic system, but we can find its pulse through patterns." This statement has deeply influenced me. Simmons didn't teach us to predict the future, he taught us how to find certain opportunities amidst uncertainty. This wisdom applies not only to investing but also to life. In those times, we could almost feel every heartbeat of the market, every slight change, breathing in sync with it.

Whenever I open that book, my thoughts drift back to those moments battling in the market. I can still hear Simmons's voice: "Trust your strategy, don't be misled by short-term fluctuations." He always looked at the market with a calm and determined gaze, looking at me, and that strength is something I can't forget.

Whenever the market fluctuates, I can almost hear his voice telling me, “Time will provide the answers, the market will teach you everything.” He was not just an investment genius but also a mentor for life. He taught me to remain calm and composed in every challenge, helping me understand that even though temporary market fluctuations might confuse us, they are just temporary. Ultimately, what they bring us will be growth and insight. Simmons’s wisdom not only helped us crack the market’s secrets but also taught us how to face life’s ups and downs. Life, like the market, is always fluctuating, don’t be misled by short-term shocks, and stay true to your chosen direction.

Due to the plunge in oil prices and the drop in tech stocks, the three major indices fell from historical highs yesterday, bringing a chill to the market. This correction was driven by two main factors.

First, oil prices dropped by about 4% due to Israel's statement indicating they would avoid bombing Iranian oil and nuclear facilities. The easing of geopolitical tensions directly pressured oil prices, significantly impacting oil-related stocks and overall market sentiment.

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At the same time, the semiconductor industry became another focal point. The semiconductor index saw its largest decline since early September, leading to the market's retreat from historical highs.

Dutch giant ASML Holding NV's unexpected downgrade of earnings expectations caused its stock to plummet by 16.26%, shocking the market. Market darling NVIDIA also couldn't escape this downturn, with its stock price falling by 4.52%, retreating from its recent highs. NVIDIA became one of the largest drags on the S&P 500 index.

This decline not only caught many investors off guard but also highlighted that U.S. officials are discussing restrictions on this chip giant and other American companies selling advanced AI chips to specific countries, sending a cooling signal to AI-centric tech companies.

Nevertheless, it's worth noting that NVIDIA's stock price has still risen by 164.5% year to date, thanks to the enormous expectations surrounding AI technology. AMD's stock was similarly impacted, dropping by 5.22%. This correction reminds us that even tech giants in the midst of market enthusiasm can face challenges at any time.

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As we often discuss, market sentiment can change overnight, especially under the influence of uncertainties like geopolitical factors and government policies.

For investors, it’s crucial to remain vigilant and adapt flexibly to market fluctuations. This correction does not signify the end of the market's long-term trend, but it serves as a reminder that no upward trajectory is completely smooth. These market dynamics will undoubtedly continue to dominate the trends in the coming days, especially before key earnings reports and government policies are clarified.

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As shown in the chart, Dow Jones is steadily moving along an upward trend line, with excellent buying opportunities at the points 1 and 2 of lower Bollinger Bands in the past. If this round of correction reaches the point 3 at lower Bollinger Band, it will undoubtedly present another excellent buying point.

Sector rotation is still in play, providing us with new investment opportunities. I now recommend that you focus on the following sectors: first, those benefiting from potential interest rate cuts, such as utilities and consumer sectors. While some companies have reported losses, market expectations remain strong, especially for those stocks that have stabilized at the bottom with increasing trading volumes. Secondly, the AI technology sector.

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In the first half of this year, this sector performed exceptionally well, and as we approach the end of the year, we can expect a rebound. Finally, we must not overlook the crypto market, particularly as expectations surrounding Trump's potential return to the White House are driving up related concept stocks. Bitcoin's movements could also lead these stocks to rise in tandem.

If you want the latest, up-to-date info and trading strategies, reach out to my assistant, Sophia Davis, or leave a message on the ONA community website. She'll help you stay informed about market trends and catch every potential opportunity.

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Through recent communications with many friends, I've found that there is still some confusion regarding the concept of position management. We all know that the essence of trading is balancing between profit and loss. No one can achieve 100% profitability, so we must use probability to determine our investment strategies. Position management allows us to maximize profits when the odds are in our favor and minimize losses when we face downturns. So how do we manage our positions correctly? Here are a few practical tips:

Increase positions in highly certain investments. For example, when we bought DJT last Tuesday, the stock price was at an absolute bottom and just starting to rebound. It was clear that an upward trend was about to emerge. At that moment, your confidence in holding the position is very strong because the entry point determines everything. This investment proved to be very smooth, with the stock price rising steadily. We reduced our position and took profits at the peak, making it both easy and secure.

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Focus on oversold recovery opportunities like SMCI. When I repeatedly mention SMCI, it was clearly in a bottoming formation, beginning to stabilize and rebound after being oversold, presenting a great opportunity to increase positions. In such certain circumstances, don't hesitate or let market fluctuations instill fear in you; the opportunity is in front of you, so seize it bravely.

Match your position with the stock price's position. If you feel that stocks like TSLA or NVIDIA carry higher risks, even if you are optimistic about their prospects but lack confidence in their current prices, you should consider a smaller position strategy. A smaller position means you are testing the waters rather than going all in. Investment intuition is crucial, trust your judgment — only investments that let you sleep soundly are good investments.

As I've shared with you over the past few weeks, the future rise of BTC in the crypto market is highly certain. If you had decisively bought BTC at that time, I believe your returns are now substantial. And if your position allocation was reasonable, those gains would be even more impressive.

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In highly certain investments, increasing positions is a very rational strategy. In contrast, some friends buy a little of this stock and a little of that stock, resulting in some losses and some gains, without focusing on truly promising opportunities. This actually reflects a lack of confidence in investing.

The biggest taboo in investing is indecision. If you're uncertain, it's better not to trade. Focus on opportunities you are confident in and amplify your gains through reasonable position allocation, this is an efficient investment strategy. When there's no certainty, waiting on the sidelines is the best choice, but once an opportunity becomes clear, you should act decisively.

Speaking of certain opportunities, there's no doubt that the recent profits in the crypto market are truly impressive. Since Bitcoin's price stabilized at $59,000, we have maintained a bullish outlook and precisely captured this wave of growth using the AlphaStream 5.0 system, yielding astonishing profits! Now, you might not have a crypto account yet, right? This is a common issue among many retail investors — a lack of action.

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They haven’t truly engaged with the market, let alone seized opportunities. Keen investors are always the first to discover and seize these opportunities because they understand that only by participating can they reap rewards!

If you don’t have any crypto account yet, take action now! Contact my assistant, and she will help you set up your account smoothly. Time waits for no one, so don’t miss out. Join us on the joyful profit journey with AlphaStream 5.0 and make wealth growth a part of your life!

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As shown in the chart, the current market remains strongly bullish, with the daily candlestick chart exhibiting an upward angle of more than 45 degrees. Additionally, the MACD below has formed a golden cross at the bottom, indicating that bullish momentum is clearly gaining strength. The upper resistance level is around $69,300, which aligns with the key downtrend line from the historical high of $73,800.

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At present, the price hovers near $67,800, leaving limited upside potential in the short term. In such an upward trend, the steeper the rise, the higher the likelihood of a sharp, short-term pullback. As seen yesterday, swift and strong declines often occur to correct short-term technical indicators. Strategically, we can consider a short position near $68,700, targeting $66,200. On the other hand, $65,800 offers a better entry point for long positions, waiting for a pullback to enter.

Trading Strategy:

1. Consider a short position near $68,700, with a stop-loss at $69,600, targeting $66,200.

2. If the price drops to around $66,000, consider a long position, targeting $69,000.

For more timely trading strategies, feel free to add my assistant on Telegram. That concludes this morning's session—see you this afternoon!

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Eastern Time, October 16, 2024

3:30 PM

Professor Emory Callahan (The Helmsman)

Afternoon Discussion Topics:

1. The stock market indices are struggling to rise: How to accurately seize opportunities in sector rotation?

2. Trading technique analysis: How does volume influence individual stock performance?

3. Crypto market trading strategies: How to capture profit opportunities amid volatility?

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Good afternoon, my friends!

I'm Emory Callahan, your long-time friend. Finding opportunities in crises has been my trading mantra for many years, helping me achieve excess returns during numerous market downturns. When the market declines, most people get trapped in fear and emotions, falling into a state of gloom and confusion. If you find yourself in this position, it means you haven't yet broken free from the emotional traps—one of the biggest enemies in trading. Fear will cause you to miss the best opportunities, while smart money quietly enters the market during times of panic, constantly looking for chances to buy at low prices.

A market downturn is not something to fear; the real challenge lies in how you respond to it. The ability to remain calm and think clearly amidst fear, to see opportunities others cannot, is a fundamental trait of a mature investor. We must not be swayed by market sentiment, but rather use rational thinking to assess market changes. Breaking through personal limitations during adversity is the key step in transforming from an ordinary investor into a successful one.

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So, what are you prepared to do now? Will you bravely seize the opportunity, or remain bound by fear? Only through action can you find solid footing in the midst of market turbulence. Opportunities always favor those who dare to seek breakthroughs in adversity.

According to the latest report from Goldman Sachs, after a brief period of risk aversion over the summer, risk appetite has returned. This shift in market sentiment is expected to continue supporting the stock market in the coming months, outperforming bonds. As Goldman Sachs points out, the U.S. economy is capable of handling higher risks in a late-cycle environment, making stock market returns more attractive, particularly as policies gradually loosen to address potential economic slowdowns. Unless there is a significant slowdown in growth momentum or accelerated inflation triggering tighter policies, the current market environment remains favorable for risk assets.

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As investors, we can validate our market assessments through various sources of information, but what's more important is to trust our own understanding of the market and respond proactively to changes. The stock market is currently showing signs of weakness, particularly with the stagnation of tech stocks weighing down the overall indices, despite many financial stocks exceeding earnings expectations. In the coming period, market attention will continue to focus on the release of third-quarter reports from major tech companies. As I mentioned this morning, market fluctuations and slow upward movement will likely remain the main trends.

However, before the earnings reports of these tech giants are released, we are witnessing a shift in market style from high-valuation stocks to low-valuation ones. This trend has become more evident, especially following the Fed's rate cuts. Stocks that benefit from lower interest rates have become the frontrunners in the market rebound, with many showing strong recovery momentum. In contrast, the large-cap tech stocks at higher levels are experiencing narrow fluctuations. This style rotation presents an excellent opportunity, and as a savvy investor, you must not miss out on the rewards of this market shift. Seizing opportunities and adapting to market changes are the keys to successful investing.

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So, how can we seize the opportunities brought by this style rotation? I believe our long-time community members are well aware that we've conducted a thorough analysis of recent market hotspots this week. Regardless of the major trends, they all share a common characteristic: the stock prices are at relatively low levels, and most of them have experienced significant gains after stabilizing from the bottom.

Take, for example, DJT, which we bought last week—this is a classic case. Yesterday, we successfully sold all of it, locking in a 70% profit! Another example is today's big gainer, IONQ, which also rebounded from the bottom. Despite its financial losses, the stock has nearly doubled in just two months. Does this mean that stocks with poor performance don't rise? Clearly not! Lately, we've seen many similar stocks. So, how do wec apture opportunities with stocks like these?

Yesterday, we had an in-depth discussion on how volume affects stock prices. By analyzing changes in volume, we can effectively gauge the direction of a stock. This afternoon, we will continue to explore this topic: How can we identify stocks that are about to rise by analyzing volume?

Volume is a direct reflection of market sentiment and a key signal for stock price movement. If you want to get ahead in this wave of style rotation and capture opportunities from stocks starting at the bottom, learning how to interpret volume is crucial!

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As shown in the chart, on September 27, IONQ displayed a significant volume spike, with both trading volume and turnover rate suddenly surging. This is a typical "test the waters" move by institutional funds at the early stage of a price increase. The objective is simple: to test whether the trapped holders above would sell. As expected, after a sharp rise, the stock price adjusted for two consecutive days, and once the exchange of shares was completed, the price began to steadily rise again. As of today, the stock has nearly doubled from its August low of $6.22.

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The significance of a substantial volume surge at the bottom is critical, as it often signals a reversal of bearish momentum. Even if the stock price doesn't immediately experience a continuous sharp rise, the risk of a major decline is greatly reduced (unless there is a significant negative development in the company's fundamentals). This marks the "testing phase" of institutional funds formally entering the stock to drive up the price, and this is precisely when retail investors should actively considere ntering. Buying low and selling high—capturing such opportunities is the essence of stock market profitability.

Now, the question arises: Can we still buy this stock? It has nearly doubled, and the upside potential is relatively limited. Chasing it now would mean a much lower risk-to-reward ratio. If you're still considering buying at this point, you're truly taking on unnecessary risk. Remember, the key to investing is seizing opportunities, not chasing prices at their highs. A good investment is always about positioning at the bottom, not chasing after it at the top. Do you understand?

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If a large volume surge at the bottom signifies a bearish reversal, then a significant volume spike at the top often indicates a bullish reversal. The behavior of institutional funds reflects market sentiment, and while unexpected events may influence short-term movements, they rarely alter the overall trend. Take DJT, for example—following two instances of heavy volume at its previous highs, there were significant declines afterward. Yesterday's large volume again raises the question: Could this signal the peak of the current rebound? We'll have to wait and see!

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Yesterday's capital flow clearly reflected market sentiment. Regardless of what happens next, we were able to lock in profits promptly and sell decisively. Capturing the profits within your control is always the wisest strategy. Today’s rebound is merely a correction to yesterday’s sharp decline, so I strongly recommend that those who haven’t sold yet should continue to sell and secure their gains. Market sentiment is the collective result of market capital movements, and following it is never wrong! Remember, a smart investor knows when to enter the market and, just as importantly, when to exit.

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As shown in the chart, the CELH stock I shared with you this morning is a textbook example of a bottom reversal with increasing volume. Of course, when analyzing technical patterns, we first confirmed that the company's fundamentals have a positive outlook. From a technical perspective, the surge on February 29 and the spike in volume on May 28, followed by the subsequent market drop, both indicate a shift in market capital. Looking at October 10, the bottom volume increased again, and in the following two trading days, the stock rose nearly 20%, successfully holding above the middle BBands. This pattern is very similar to SMCI. Consumer stocks, benefiting from the potential for future interest rate cuts, present significant upside potential that is well worth anticipating!

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The current price range of $33-34 offers a highly attractive buying opportunity, with the first target set at $45-50. If you haven’t yet taken part, this might be the opportunity you shouldn’t miss.

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From the comparison of the above cases, it’s clear that the market style has quietly shifted. To seize opportunities, one of the most reliable trading strategies is to identify high-quality stocks that have stabilized at the bottom and are showing a gradual increase in volume based on current market trends. These stocks often have greater upside potential and offer better value.

Market sentiment and capital flow will continue to drive these stocks higher, and this is the signal we, as investors, must capture. Always remember: during a period of style rotation, following the trend and positioning yourself correctly is the key to navigating volatility and moving forward steadily.

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In 2024, Bitcoin's price movement has once again become the focus of the market. As one of the largest holders of Bitcoin globally, MicroStrategy has also achieved a significant breakthrough in its performance. Two core factors have driven this premium: First, last month, BNY Mellon (Bank of New York Mellon) was granted an exemption from SAB 121. This previously unfavorable legislation required brokers to include cryptocurrencies on their balance sheets. The easing of regulations is often seen as a tailwind for Bitcoin, and this is positive news for the entire digital asset market.

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Secondly, closely linked to this exemption is MicroStrategy's announcement of its "Bitcoin Bank" initiative. The company plans to offer Bitcoin capital market tools in the future and may even generate income by lending out Bitcoin. As regulatory easing and legalization progress, companies like MicroStrategy will have more market opportunities, which will, in turn, boost Bitcoin's overall performance.

The November presidential election is another major catalyst. A victory for either Trump or Harris would be a positive signal for both the token market and Bitcoin's price. Particularly, if Donald Trump successfully returns to the White House, we are very likely to see Bitcoin break the $100,000 mark by the end of 2024. The presidential election, held every four years, is not only a significant moment of political change but also a critical opportunity for us as investors to transform our financial destiny.

Recently, the surge in Bitcoin has been one of the best gifts we've received. For those investors with vision and the courage to take action, now is the perfect moment to seize the opportunity and ride the wave!

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Learning Quiz – Earn Points

1. What do increasing volumes at the bottom and at the top represent? Please select two stocks to explain. (50 points)

2. The bullish profits in the crypto market are impressive. Are you familiar with Bitcoin? If you're bullish on it, did you capture its upward profits? (30 points)

For more timely trading strategies, contact my assistant Sophia Davis, or leave a message on the ONA community website. That’s it for today’s discussion—see you tomorrow morning!

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