



UTS Weekly Newsletter

11th Edition

Undergraduate Trading Society

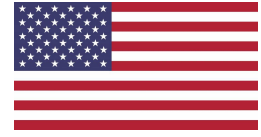
Follow us on Instagram @utsucsd
and check us out at <https://www.utsucsd.com/>

Earnings Whispers		Most Anticipated Earnings Releases								
		for the week beginning								
		May 18, 2020								
Monday		Tuesday		Wednesday		Thursday		Friday		
Before Open	After Close	Before Open	After Close	Before Open	After Close	Before Open	After Close	Before Open	After Close	

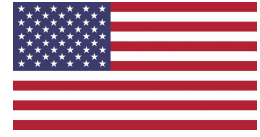
Written by Nico Tobon, Nathan Fagan, Jonathan Alvarado, Will Gibbons May 25th, 2020

Edited by Nico Tobon and Will Gibbons

Happy Memorial day! Welcome to the 11th edition of the UTS Newsletter covering a range of stocks, ideas, and charts that will prepare you for the next week in the markets. This week, retail giants like TGT, and WMT along with Chinese names such as BABA, BIDU, and BILI are set to report earnings. In a striking move against U.S. listed Chinese companies, legislation was passed in the Senate on Thursday that could lead to the delisting of Chinese companies citing research by Muddy Waters on Luckin Coffee. This led to a numerous amount of Chinese companies to see their shares drop rapidly. As this bill begins to become a talking point for politicians along with the president, U.S. listed Chinese-companies could be an important macro theme in the markets leading to increased volatility within their

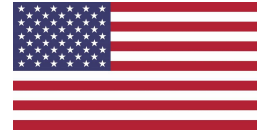


sectors and overall market. As the memorial day weekend carried on through a closed market on Monday, the S&P managed to break 298 in what are now, new highs from the March market lows. The SPY rose .82% over the past trading week as it turned out to be an incredibly difficult range bound week, as rejection from 297 occurred 3 times, and the support at 291 held twice. Although the economic outlook looks uncertain, the market has still laid out plenty of opportunities for traders who respect risk management, some of which our trader's have exceptionally executed. The coronavirus continues to develop within the United States and across the globe, bringing the global cases to 5,587,129 and the U.S. number to 1,706,226. As new developments surface around the effect of re-opening our economies, such as Virginia's rise in new cases reported two weeks after reopening, (Relevant News Article: <https://tinyurl.com/ycrclpfg>) the reaction in the market could be telling, as overall sentiment about the coronavirus should prevail in price action. That said, some of our members at the Undergraduate Trading Society have our eyes on a couple of ideas. Scroll down to learn more about what we are keeping an eye on this week!



THIS WEEK'S: Top Stock Picks/ Commentary

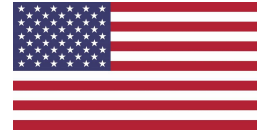
DISCLAIMER: *The Newsletter is for informational purposes only, you should not construe any such information or other material as legal, tax, investment, financial, or other advice. Nothing contained in this Newsletter constitutes a solicitation, recommendation, or endorsement to buy or sell any securities or other financial instruments. There are risks associated with investing in securities. Investing in stocks, bonds, exchange-traded funds, mutual funds, and money market funds involve risk of loss. Loss of principal is possible. Some high-risk investments may use leverage, which will accentuate gains & losses. Foreign investing involves special risks, including greater volatility and political, economic and currency risks and differences in accounting methods. A security's or a firm's past investment performance is not a guarantee or predictor of future investment performance. In exchange for using the Newsletter, you agree not to hold UTS UCSD, its members, or any third party service provider liable for any possible claim for legal or financial damages arising from any decision you make based on information or other Content made available to you through the Newsletter. Please consult a lawyer and/or financial advisor before taking any action in financial markets.*



Nathan's Pick: PENN, Chinese Names

 **TrendSpider** PENN, Daily
May 25, 2020 6:52PM EDT
Drawings, Daily





PENN is shaping up to be a top watch for a first red day fade. PENN broke out of 20 last Monday and has ever since been on an absolute tear. It had a near 50% run this week and is now becoming very over extended. A pull back is imminent but timing is always hard on these names. I will wait for a change of character intra-day and look to get short when it's clear sellers are in control. Keep on watch for a pull back to \$26-\$28.

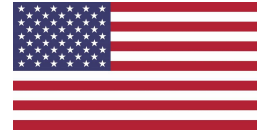
TrendSpider JD, Daily
May 25, 2020 6:53PM EDT
Drawings, Daily



TrendSpider BILI, Daily
May 25, 2020 6:56PM EDT
Drawings, Daily



Next top watch will be the Chinese names, BILI, BABA, JD, BIDU, IQ, GSX etc. Given the rise in tensions between the US and China and the move from China to try and grab some autonomy from Hong Kong, This has left these names as a top watch. Last week the US senate passed a bill that would allow Chinese companies to be delisted from US exchanges



leading to a massive sell off intra day. These names will move fast if there is a breaking news catalyst. I will have all the names listed above on watch for potential shorts as the rhetoric between the US and China continues to heat up. BILI and JD are my favorite ones to trade, but all of the names listed will move in tandem with a catalyst.



Nico's Pick: DOC

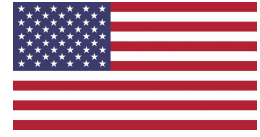








My pick this week is DOC, a REIT specializing in healthcare services which has shown interesting price action in the past week. Price has been on a run since March lows to the 61.8% level from the previous highs, showing regard for these important Fib levels on the way up, and testing 61.8% two times before recently breaking past the 61.8% at 17 this past week before fading as low as 16.5 to then finish the week at 16.8. The price has shown stickiness to the sell point at 17 3 times now, and has held up relatively well to shape up for a move through the \$17 barrier on to fresh highs. What was suspicious was the incredible amount of volume traded Thursday after-market as the price tried to sell below the gap,



but was completely accumulated exactly at the gap fill. It doesn't surprise me much that such interesting price action could be coming from a specialized healthcare REIT in this climate. Fundamentally, it would be interesting to know how telehealth is affecting the real-estate situation for healthcare services, specifically the demand coming from physicians offices. Nonetheless, the REIT services other areas in healthcare such as healthcare providers, hospitals, and healthcare delivery systems. This stock was specifically brought to my attention last week, as I was taking a step back to view the macro picture across all the different SPY sectors and found somewhat favorable price action in VNQ, which led me to the most active traded by volume and gave me a considerable number of stocks to work with. VNQ and XLRE are shaping up to print a higher low signaling at the least, a short term reversal in a sector that has seen significant drawdown and relative weakness against the overall rally in the market from March lo`ws. **In conclusion, I am looking to get long DOC through stock or options above 16.7 with an initial price target at 18.69 at the 78.6% Fib, while risking the considerable short term support for the consolidation, thus placing a stop loss below 16.35**

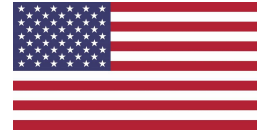


Will's Pick: KR





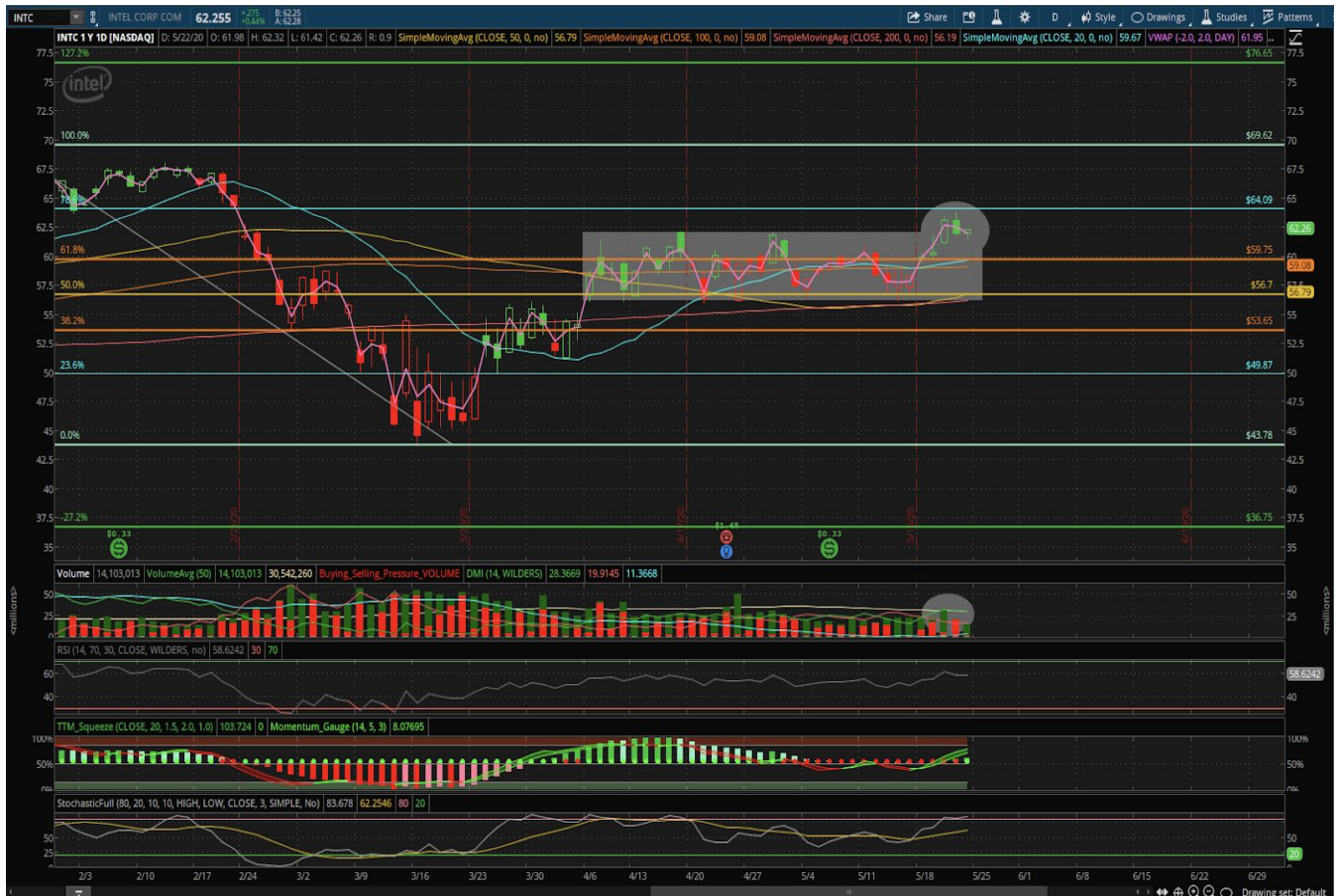
Kroger, a consumer staples company, has done well during the pandemic, because people’s demand for food and other staples have not been negatively impacted. Since the S&P 500 year’s low on March 23rd, the market has been steadily increasing. As we approach the \$300 mark on the SPY, this next week could turn out to be a very bullish week. Kroger is appearing to form a symmetrical triangle which is neither a bearish or bullish technical pattern. But because of the bullish sediment throughout the market and other technicals, I am bearish on KR. As a consumer staples company, it is likely that investors/traders will ditch KR to chase more flashy growth companies, because those tend to overperform in bullish periods compared to value companies. The main technical that backs up my bearish sentiment is the MACD which has crossed on the daily and looks to cross on the weekly. RSI and volume allude to a big move with RSI converging, and the volume has been steadily reducing. I will seek to short the stock if KR breaks **\$31.85**, the low of last week’s Thursday,



and my profit target will be **\$30**, a key level that KR bounced off of about a month and a half ago. My stop will be at **\$32.25**, slightly above the opening of Friday. This will give me a risk/reward ratio of around 2:9. I will be using options to enter this trade, so due to theta I may exit at **\$31** if there is not a rapid enough capitulation by KR.



Jonathan's Pick: INTC





Looking at the weekly, INTC is looking good to possibly start a nice uptrend and head higher. From the beginning of April, INTC was in consolidation between \$56.7 and \$59.75. It tried multiple times to break the resistance and stay on top of 59.75 but failed. Last week it broke out of 59.75 resistance and held above resistance, which is now a support. Selling pressure is also slowing down.

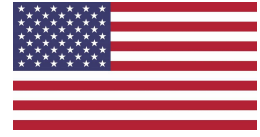
On the daily time frame we can see the consolidation better and the breakout which closed Friday at 62.25. Most importantly, it fired a squeeze on Friday to the upside indicating strong upside momentum. It's also still currently squeezing on the Monthly indicating a bigger move yet to come. If INTC holds above support at 59.75 then I am extremely bullish.

First target will be 64.09, then 69.62, and maybe 76.65. I would either enter at support if a retest happens or enter on a pull back. If it breaks support at 59.75, then I would sell as a stop loss.



It's also important to note that INTC has earnings coming up so this could be a run up for earnings, thus a possible nice swing trade. Remember this can change anytime due to the volatility of the market. Currently the market is looking bullish so that can help this bullish trade.

Good Luck!



Important News:

- On Tuesday, the Consumer Confidence Index will be published at 10AM EST.
- On Wednesday, the number of initial jobless claims will be published at 8:30 EST.
- Last week, the Senate passed a bill that could lead to the delisting of a multitude of Chinese companies:

<https://www.marketwatch.com/story/bill-that-could-delist-chinese-companies-from-us-stock-exchanges-to-see-swift-passage-in-house-analyst-says-2020-05-21>

- Coronavirus Statistics:

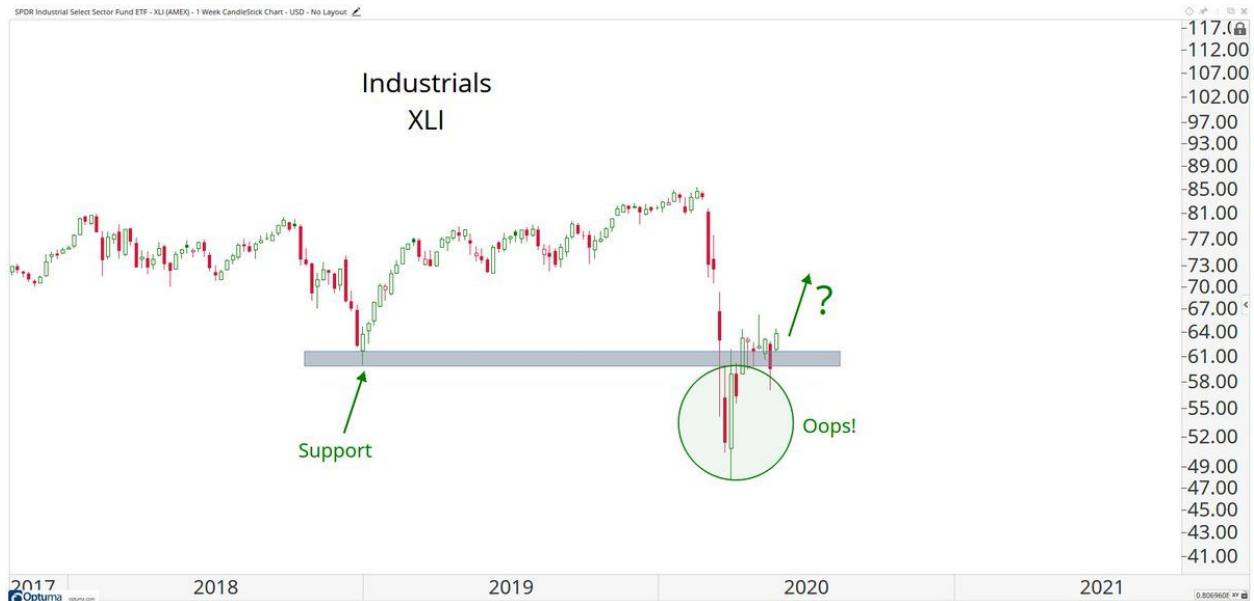
[https://www.worldometers.info/coronavirus/?utm_campaign=homeADemocracynow\(2020\)%20dvegas!](https://www.worldometers.info/coronavirus/?utm_campaign=homeADemocracynow(2020)%20dvegas!)



Relevant Charts



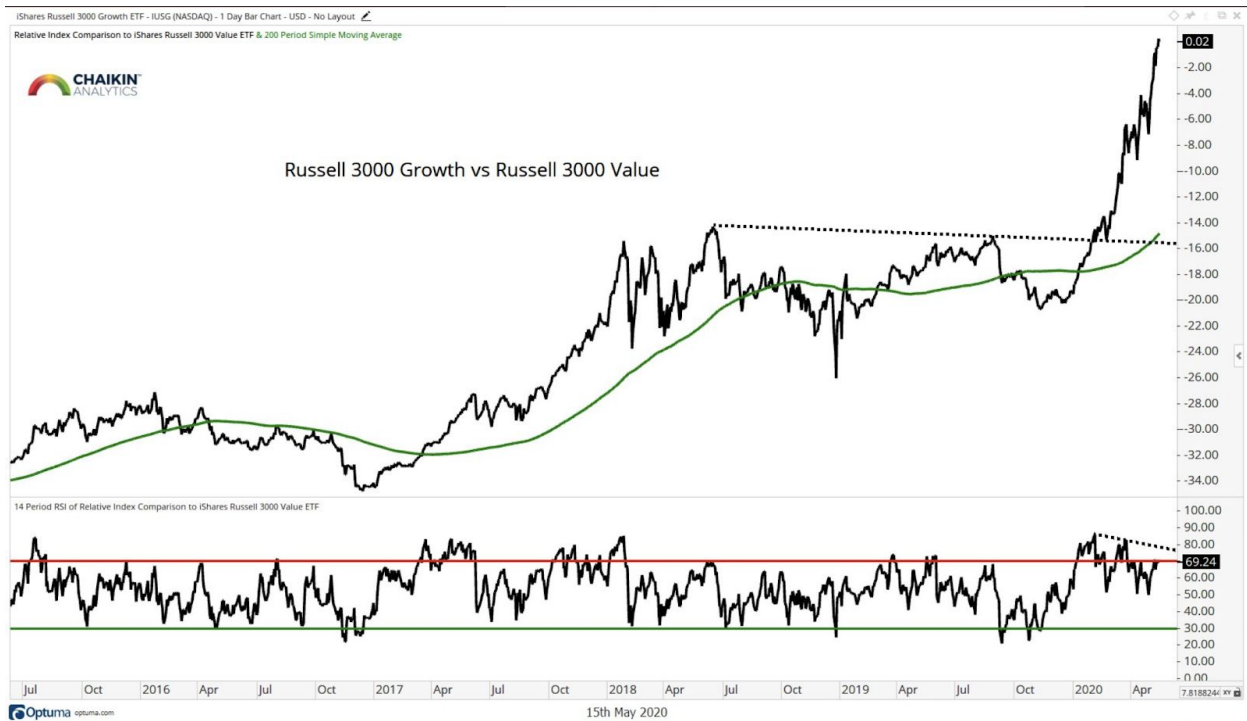
SPY this past trading week 5/17-22



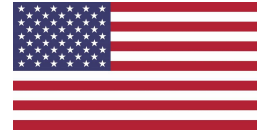
@jcparets: XLI (Industrials) showing a significant consolidation at key price level



@the_chart_life: MJ (Cannabis) building/breakout of a base above 12



@DanRusso_CMT Russell 3000 Growth vs Russell 3000 Value



THIS WEEK'S: A Week In Review



Nico's Trade Review: BIDU

BIDU



On a weekly scan for charts, BIDU came to my attention after reporting earnings and jumping in price to 120 past the 50% Fib before selling off past the 50% without holding



resistance. I decided it was a short play and was going to buy puts on a retest of my 200EMA on my 5D:5M chart which has served me very well for spotting short-term position building. I bought near \$114 risking the 50% Fib to which I originally placed my stop loss. I let the trade work for the rest of the day, then woke up to a sharp reversal that triggered my stop loss due to a decrease in value on my options, thus a lower stop price for execution. Little did I know, a bill was about to pass in the Senate advocating the delisting of U.S. listed Chinese companies that would have tremendously helped my short thesis, sending the stock almost 12 points lower in the next couple of trading days. Due to this stop loss, I missed out on the “big move” and trading frustration caused me to chase the move on the way down causing slippage in execution and a tainted plan. The lesson I learned here is to improve risk management by ensuring option’s stop prices do not execute below the planned risk tolerance or price. A costly lesson, but a crucial one indeed.

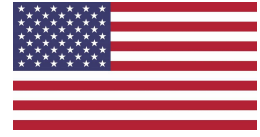


Nathan's Trade Review: ENPH

ENPH



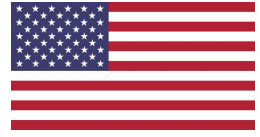
Early in the day ENPH showed relative weakness to the overall market and was clearly disconnected from the strength today. ENPH made a new all time high yesterday and has been ramping up unsustainably in the past few days. Has been on watch for over a week. Today was the day I was waiting for. I got short my first tier at the bearish wedge above the



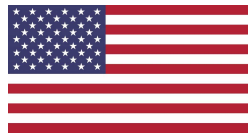
67 level mid morning. As it broke 67, I knew the trade was confirmed. I added size at the break of 67 and took light risk off after the first flush. I had a plan to stay in this trade until at least one ATR around 64.8. I added a bit too much size I think on the second break down from 66.5, leaving me a bit over leveraged and getting a bit emotional due to the large PNL swing. I decided to get flat at 66ish against my plan. What do you know? ENPH puked nearly \$4 lower to nearly \$62. It perfectly hit the one ATR target and began consolidation before one final breakdown to nearly 1.5 ATR. This was a big trade as is due to the size I put on since I have seen this trade many times before and was waiting for the trade for days. Biggest error was getting a bit TOO big and allowing that to control my exit decision. Had I followed my plan, this would have been one of my biggest trades ever. Today's PNL swing today was tough as I dug myself a hole in the morning then ENPH saved the day!



UTS Weekly Digest 11th Edition



Undergraduate Trading Society
UC San Diego



Website: <https://www.utsucsd.com/> | Instagram: @utsucsd | Twitter: @utsucsd |

LinkedIn <https://www.linkedin.com/company/student-equities-trading-club/>