



UTS Weekly Newsletter

9th 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 04, 2020**

Monday		Tuesday		Wednesday		Thursday		Friday
Before Open	After Close	Before Open	After Close	Before Open	After Close	Before Open	After Close	Before Open
Tyson	SKYWORKS	wayfair	The Walt Disney Company	shopify	PayPal	moderna	Roku	CRONOS GROUP
LOEWS	Chegg	REGENERON	BEYOND MEAT	CVS Health	Square	jetBlue	Uber	SEAWORLD PARKS & ENTERTAINMENT
Ferrari	SHAKE SHACK	Alphatech Group	ACTIVISION	BARRICK	PELTON	teva	theTradeDesk	VENTAS
Wabtec	DIAMONDBACK ENERGY	Sysco	SPIRIT REALTY	GM	zynga	PLUG POWER	Dropbox	ALLIANCE RESOURCE PARTNERS LP
PFG	AIG	NEWMONT	Pinterest	Wynn	Wynn	ABInBev	BOOKING HOLDINGS	KIMCO REALTY
MERCURY CENTRAL CORPORATION	avis budget group	lendingtree	enphase ENERGY	INMODE	twilio	VIACOMCBS	stamps.com	switch
Epizyme	XPOLogistics	MARATHON	GALACTIC	The Wendy's COMPANY	lyft	UNIVERSAL DISPLAY CORPORATION	UNIVERSAL DISPLAY CORPORATION	noble energy
CNA	Five9	Dominion Energy	DXY	SCORPIO TENDERS	T-Mobile	BAUSCH+Health	CLOUDFLARE	F5
NAPCO	CIRRUS LOGIC	NEW RESIDENTIAL	EA	ALEXION pharmaceuticals	Etsy	YETI	First Solar	AMERICAN AXLE & MANUFACTURING
CERAGON	TEXAS	HOWMET AEROSPACE	mercado libre	globalpayments	inseeo	HILTON WORLDWIDE	GoPro	

© 2020 Earnings Whispers

Written by Nico Tobon, Jay Ong, Nathan Fagan, Jontahan Alvarado, William Gibbons May 3rd, 2020

Edited by Nico Tobon and William Gibbons

Hello fellow UTS members, welcome back to the 9th edition of the UTS Newsletter covering a range of stocks, ideas, and charts that will prepare you for the next week in the markets. Last week was arguably one of the most eventful weeks in market history as the world finally got a glimpse of the post-COVID 19 world is shaping up to be. Guidance from the major players such as the FAANG leaders seemed to have disappointed the markets, as the S&P fell 1.24% over the past trading week and rejected the 61.% retracement from the all-time-highs. Earnings continue deep this week with several leaders of S&P sectors such as energy, and gold miners reporting earnings. In just a week sentiment may have flipped



once again, as market leaders are treading in uncertainty, price action denying a critical level, and Warren Buffett selling his entire stake in the major airlines. 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 3,505,761 and the U.S. number to 1,157,945 last I checked. Several of the major indices are resolving at major key levels and are likely to be trending in the next couple of weeks as earnings goes underway, coronavirus policy continues to develop, and the market begins to move past the unknown. 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.*



Jay's Commentary :

Note: These are my thoughts and experiences. This may be true or false, take it with a grain of salt.

I hope you are all doing well in these times. Staying healthy and spending quality time with loved ones. I hope you all are continuously learning and taking a leap of faith whether that is into the economy or into another part of your life.

I'd take this opportunity to review my thoughts and some lessons I've learnt through observation and trading the past few weeks/months now...

It has definitely been a tumultuous and volatile few weeks of trading and here are some takeaways that I'd thought I would share with everyone.

1. The stock market is not the economy

As you all may know, the situation has taken a toll on the economy impacting people's ability to work and socialise, affecting businesses and everyone's daily life. Take a look outside and you'll realise that life just isn't the same anymore, masks are worn, people are distrustful of being near each other and a lot of restaurants and shops are closed. One may expect this impact on the economy to rollover to the stock market but that just hasn't been the case. Aside from the initial drop when the news first came out, we have rallied from SPY 220 to where we are right now. It certainly caught a lot of people off guard - me included but it has taught me that the stock market is a separate entity to the economy. This is extremely important to understand when trading, but this may be a different case when analysing a longer term trend. One should not get swayed by what they see outside, but what they see on the charts.



2. The herd is never right

This is one of the most important aspects and one that I strongly have seen over the past few weeks and will stick around with me hopefully for the rest of my trading career. I will take the first big drop as an example, when we were at the important SPY 220 level, everyone thought that we would continue to fall and break under 200. For every rally that was occurring, we would have even louder calls of caution for a drop to come and for more pain to come... but that just never happened. We rallied all the way up to SPY 295 in a move that many did not see coming and this caused a capitulation of a lot of bearish players moving over to the bullish side. I must say, the FED definitely impacted this move with their aggressive QE stance but that is a story for another day. However, learning from the lesson on the way up, I noticed that with more bears changing over to the bullish side, the bulls were in fact getting too bullish calling for a move to SPY 300 and this is where I started to get cautious. The resulting days showed that my prediction has started to turn out nicely, with SPY currently at 278 according to futures. The main takeaway from this is to never get too bullish or too bearish - as the saying goes, bulls make money, bears make money but pigs get slaughtered. Trade with a calm and clear head.

3. The “re-opening of the world”

I am an Economics major and I love Macroeconomics more than Microeconomics so for me, this whole situation in the world discounting the stock market has been very fascinating. In the jobs market, we have lost all the jobs created since 2008-09 with unemployment increasing ever so fast every week. We have a jobs report this week which will show us the true impacts of these past few weeks. In terms of the USD, with all the quantitative easing that the FED is currently doing, it is hard not to be fearful of the potential effects that this will have on the USD. Firstly, QE generally has a negative effect on the dollar because it increases the supply of dollars in the economy leading to a devaluation of the dollar - we have seen this and the effects can be seen in the gold market



which has been strong in recent weeks. Inflation would be the resulting factor of this, and if it is not contained correctly, could also be another weakness of the economy in the coming months. As inflation causes a devaluation of one's buying power, it is hard to see how jobs can return as quickly as people are predicting and this is a scary prospect. Not only as college students who I know some of you are graduating soon but for our families as well. Now I don't mean to be a fear monger here, I just wish to present some facts and some macroeconomic theories for you all to ponder. What you do is up to you and I am not recommending anything. I could well in fact be seeing this wrong myself. I have seen a lot of news and different perspectives on this issue saying how the economy will return within a few months, but personally I do not believe so which is why I am cautious about the long term prospects as of now... this can change but for now I am not too optimistic.

Caution:

Please stay away from trying to pick a bottom in stocks. This is simply not the right idea to do so. The biggest headline over the week was Warren Buffett's statements on Airlines and I have seen mixed reception to this with many people believing that he airlines are still an opportunity of a lifetime. I agree with his views that airlines will suffer in the medium term, and my bearish stance is that we will see one or two airlines go bankrupt. With this much risk in this industry, I simply do not see a reason to take this risk as many factors influence the industry's profitability - number of people flying etc.

There will always be better opportunities. It is never too late to start investing or trading. Please reach out if you have any questions or are experiencing hard times. We are all here to help out and support all of you.

Take care,

Jay

Jonathan's Pick: MSFT



After analyzing this stock in all major time frames, I found a breakout setting up. \$MSFT has been respecting the up trending channel for a while now and is approaching the bottom of the channel. However, \$MSFT has also been trying to get above the strong resistance level of \$177.99. It has broken through it a couple of times, but failed to hold and went right back down under that price level.

Now looking at the oval highlighted area, \$MSFT is approaching a very tight area where it will either have to respect the resistance or respect the up trending channel. Either way, it will make a move that will offer opportunity.

If it breaks resistance of \$177.99, my price target would be \$185.95, which is the next resistance level. If it breaks down, my price target will be \$168.37, which is the next support



level. Important to note that MSFT has strong support with the 50 day sma and 100 day sma right under it. Whichever way it goes, it will need to do it with big volume. (BIG CANDLE).

Keeping in mind the bigger picture:

The market has been on a strong uptrend and just recently started pulling back. Parts of the economy will start to re-open this week. \$MSFT had beat earnings last week, but because of bad guidance over the worries of the effects that corona has left on the economy, it came back down into a consolidation range. This week, it can really go either. It's important to stay attentive, act fast, and stick to the plan!

Nathan's Pick: GNMK



GNMK will be my top watch tomorrow and the remainder of this week. Has had no red days the entire month of April and no consolidations or breathers. Yes, this is a COVID-19 testing company and will benefit greatly in this period, BUT stocks do not go straight up or straight down. This will take a breather eventually and should have a big red day at some point. It could be a big move or come on slowly before setting up for a big profit taking day. Keep it on watch for a reversal in the coming days.

Nico's Pick: CHGG



Out of a lack of inspiration due to the recent price action in the major underlying indices, I've got a fun pick for you all this newsletter. This week, undergraduate student's lord and savior Chegg, Inc. is reporting earnings Monday after close. If any of you have subscriptions to Chegg accounts you know two things, that you don't know what you'd do without it, and that they recently updated their policy on shared accounts. Like any smart business would do, Chegg was just not having it, and decided to crack down on accounts that were being shopped around under the same user. Since it's last earnings, Chegg has deactivated



accounts sending 'unusually amount of activity' death sentences to their users. But hey, don't take my word for it, check out the 3Y:1W price action on Chegg as it coils into a large resistance support pattern, demonstrating tremendous strength amidst the coronavirus, and historically. The timing on this policy almost seems too good to be true, as students may become increasingly desperate without the usual resources they have, and Chegg's updated policies coming in to land a second blow. Now bear in mind, this could just disenchant user's to move to another platform, but even I was using a 'shared account' and they convinced me to open my own...



Important News:

- Germany is Restarting their Economy:
<https://www.vox.com/2020/5/1/21239638/germany-coronavirus-lockdown-reopening-merkel> Trade Idea: The Dax tracks the 30 Largest Companies in Germany
- San Diego Beaches and Parks are Opening:
<https://www.nbcsandiego.com/news/local/whats-reopening-in-san-diego-county-amid-coronavirus-pandemic/2317204/> Trade Idea: After the market closes, go get some fresh air at the beach or a park.
- Warren Buffett on Airlines:
<https://www.marketwatch.com/story/buffett-dumps-entire-airline-stake-saying-the-world-changed-for-airlines-2020-05-02> Trade Idea: NONE
- Coronavirus Statistics:
[https://www.worldometers.info/coronavirus/?utm_campaign=homeADemocracynow\(2020\)%20dvegas1?](https://www.worldometers.info/coronavirus/?utm_campaign=homeADemocracynow(2020)%20dvegas1?) Trade Idea: STAY SAFE AND HEALTHY!

Quotes from Last Week:

Elon Musk

- "But to say they cannot leave their house and that they will be arrested if they do, that's fascist. That is not democratic – this is not freedom. Give people back their goddamn freedom."
- "Tesla stock price is too high imo"

Donald Trump

- "...And then came a Plague, a great and powerful Plague, and the World was never to be the same again! But America rose from this death and destruction, always remembering its many lost souls, and the lost souls all over the World, and became greater than ever before!"
- "We are very confident that we are going to have a vaccine at the end of the year"

Some inspiration:



Twitter Post's

Re-evaluating the coronavirus stocks:

<https://twitter.com/WallStJesus/status/1257056360182751232>

Stronger stocks to buy in the S&P 500:

https://twitter.com/the_chart_life/status/1256948884624064513

Weaker stocks to short in the S&P 500:

https://twitter.com/the_chart_life/status/1256947261088686080/photo/1



UTS Weekly Digest 8th 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/>