



PERFECT APPLE TRADE

DAILY UPDATE

Apple struggles to get back into the black as choppy trading dominates Friday's price action...

February 11, 2022, 9:00 AM PST

Stock: APPLE Inc

Ticker: NASDAQ: AAPL

Price: 171.70 USD

-0.40 (-0.25%) today

Today's Apple Trade Status: Inactive

Action I'm taking: Waiting for our indicators to align

Our Key Indicator generated a red bar for Apple on Friday, its second in a row following the previous day's downside price action. The volatility in the market generated by Thursday's hotter-than-expected inflation report caught up with our first Top Strategy trade of the year, and it got closed out by the end of yesterday's session when the stock fell below our \$173 Stop Order.

The trade ended with a loss of 1.55%, a shade above the strategy's average decline of 1.47%. The trade's two-day run fell in line with its average duration for a loss, while the drawdown of \$4.16 was slightly above its three-year average.

Taking a look at our Confirming Indicator, we see that it remains crossed to the bulls for the eighth consecutive session. However, the momentum indicator is trending to the downside for the second straight day even though it remains above its zero axis line.

In terms of the timing of the next Top Strategy trade, the fact that the Confirming Indicator is still crossed to the bulls makes the likelihood of a new trade happening soon relatively high. Should next week start with a strong bullish performance for Apple, then we could see a new trade as soon as Monday. However, with the stock tracking closely to the broad equity market lately, it may require Wall Street to snap out of the funk imposed by yesterday's negative inflation report before a new trade receives the green light.

Apple is performing about on par with the Dow on Thursday while slightly outperforming both the Nasdaq and the S&P 500. The stock is trading extremely choppy throughout the morning, though it's been confined to a range of about 1% since the opening bell. Apple's intraday high for the session is \$173.08, which is the lowest for the metric since the beginning of the month. After Wednesday's slight pop above its recent compression mode, Apple's price action has retreated to the tight range it's been moving in for the last two weeks. Short-term support remains at \$154.70, and we'll now call short-term resistance \$176.65, Wednesday's intraday high. Longer-term resistance remains up at the stock's record high of \$182.94, attained early in January. Apple sits at \$171.70, down 0.25%, as we head into the final afternoon session of the week.

After a slightly bullish start to Friday's session, Wall Street has shifted back to the bears, apparently unable to shake off yesterday's surprisingly negative inflation data that all but guarantees a sharp hawkish response from the Fed.

It's looking highly probable that the nation's central bank could hike interest rates by 0.5% in March, twice the level that investors had expected as recently as last week. Adding to investor consternation is the possibility that the Federal Reserve could even hike the rate before its next scheduled meeting, based on comments made yesterday by St. Louis Fed President James Bullard.

Adding to the bearish mood of investors was a Friday preliminary report issued by the University of Michigan, which showed that consumer sentiment for the current month has dropped sharply from January, with the closely-tracked metric dropping from 67.2 down to 61.7.