ZACH SCHEIDT'S

20/20 WATCHLIST

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A CURATED LIST OF ACTIONABLE STOCK IDEAS

- 20 bull plays
- 20 bear plays
- 20 income candidates

For real-time updated watch lists go to
www.zachscheidt.com/20-20-watch-list/

July 2022

Speculative Bull Plays

I expect these stocks to trade higher. The list is a great starting point for picking out aggressive stocks to buy or buy call contracts.

Buying in-the-money call contracts is a great way to profit from stocks that trade higher.

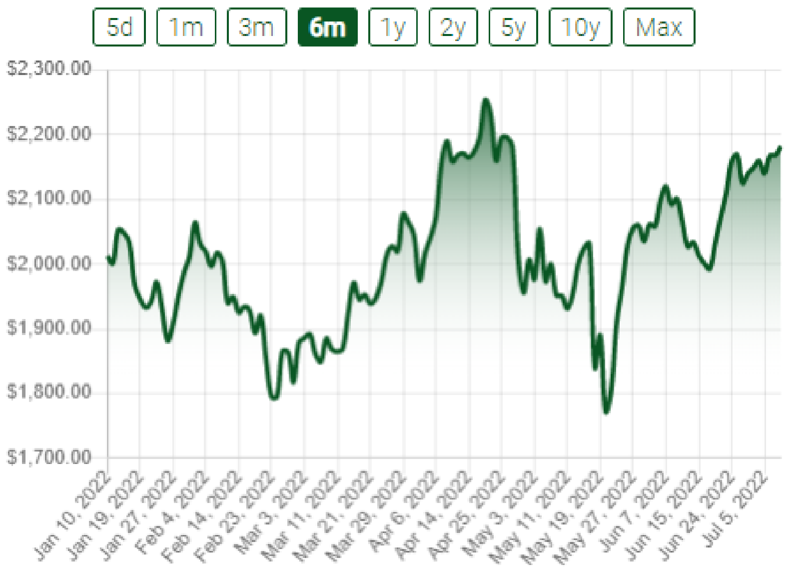
When you buy a call contract, you receive the right to buy shares of stock at a specific price. If that stock trades higher, your right becomes more valuable and you can sell it for a profit.

This is a speculative strategy and you risk losing whatever you pay to purchase a call contract.

But investment a small portion of your wealth in this way can help accelerate your gains from strong stocks, leading to larger percentage returns.

(Please note, I may have personal positions in any of these stocks, and may buy or sell shares or related option contracts without notification at any time.)

AutoZone Inc. (AZO)



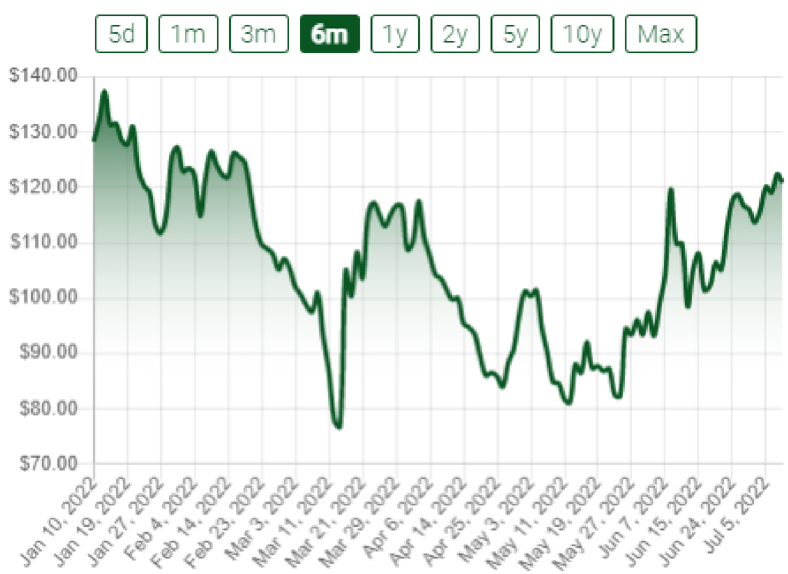
AZO $2,182.37 (13.77) sells auto parts, tools and accessories. About 75% of the company's business is from individual customers, with a growing portion of sales going to commercial mechanic and auto repair shops.

The company benefits from a trend of vehicles staying on the road longer. The global supply chain challenges is partly to blame for owners keeping their vehicles for longer periods.

AZO continues to grow earnings steadily and is expected to generate profits of $126.14 per share next year. Shares trade near 17 times next year's profit expectations – a reasonable price given the company's reliable business and expected growth.

The company is expected to report earnings around September 21.

Alibaba Group Holding (BABA)



BABA $120.90 (-1.49) is a Chinese online and mobile commerce company.

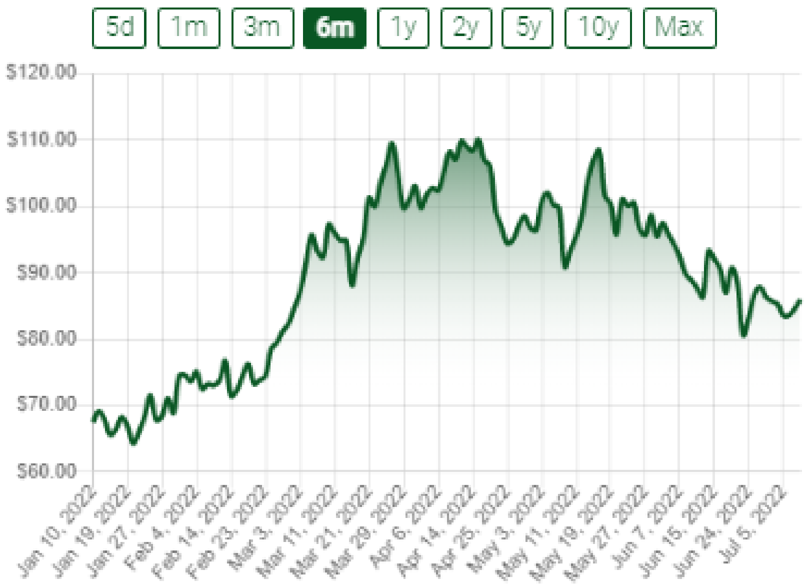
Large-cap profitable Chinese companies have come under pressure from both Chinese and U.S. regulators in the past year. China has been concerned that significant prosperity by a few large corporations could jeopardize the country's socialist agenda. And U.S. regulators worry about the lack of disclosure from Chinese firms.

With that said, the sharp decline for BABA shares now creates potential value for investors. The stock is trading for roughly 13.7 times next year's expected profits. And investors are expecting profit to grow in coming years.

After their dramatic selloff, shares of Chinese companies have begun moving higher. Chinese policy makers have signaled more support to help grow China's domestic economy. We're watching to see if this strength can lead to a more sustainable trend.

The company is scheduled to repot earnings sometime near August 3.

CF Industries (CF)



CF $86.00 (1.37) is a leading producer of nitrogen fertilizers.

Following Russia's invasion of Ukraine, prices for agricultural commodities rose sharply. Since then, prices have pulled back, but there is still significant uncertainty and volatility surrounding the world's food supply.

This creates an incentive for farmers to improve the yield on their crops, and creates a global push to generate more grain from other areas of the world.

This environment is bullish for fertilizer companies like CF. Wall Street expects the company to generate peak profits of $18.35 per share this year.

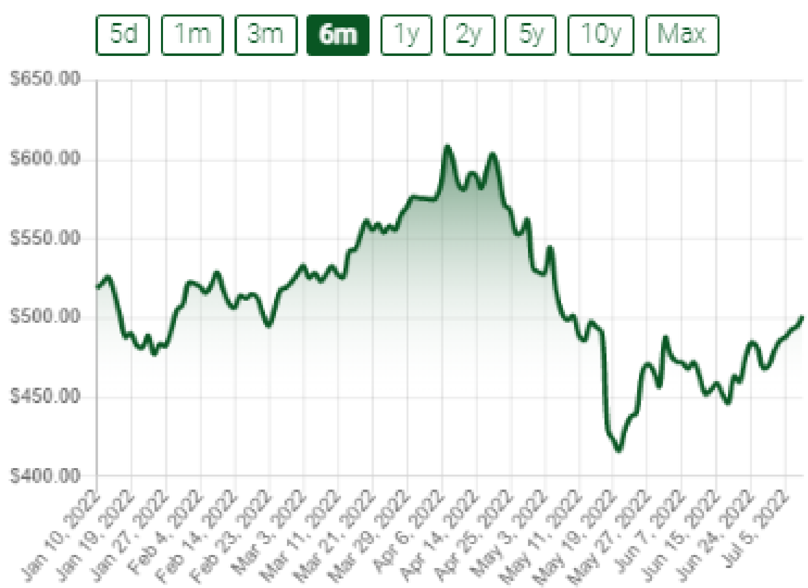
In 2023, profits are expected to pull back a bit to $13.26 per share. Estimates for 2023 have been steadily rising.

Even using the lower 2023 profit expectations, shares of CF are trading for less than 7 times expected earnings. And this, after the stock has more than quadrupled from the 2020 lows..

Any pullback for CF should lead to a good buying opportunity as the stock still trades for an attractive valuation and the global demand for fertilizer will continue to be very strong for years to come.

CF is expected to report earnings around August 9.

Costco Wholesale Corp. (COST)



COST $501.54 (6.59) benefits from strong retail spending. Consumer balance sheets are in a healthy place. But rising concern over inflation is causing some weakness for retailers.

COST recently reported June sales up 18.1% compared to expectations for 14.1% year-over-year growth. This positive report should help give investors more confidence.

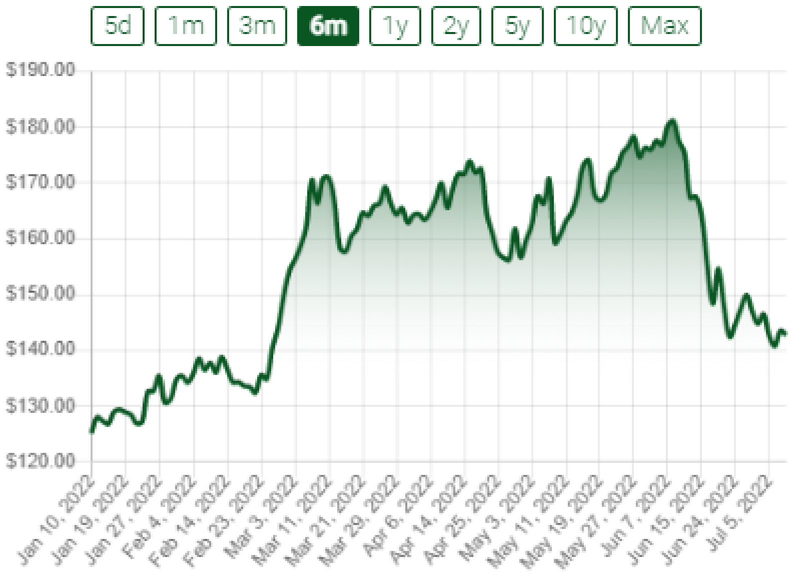
Later this year, COST may raise prices for its annual membership. This would help to increase revenue without any added merchandise expense.

Also, investors anticipate a special dividend which will likely be announced before the end of the year.

The stock is not cheap, trading near 35 times expected profits for next year. But if COST continues to do well versus its retail peers, shares could continue to rise as investors move more capital into this name.

COST is expected to report earnings around September 23.

Chevron Corp. (CVX)



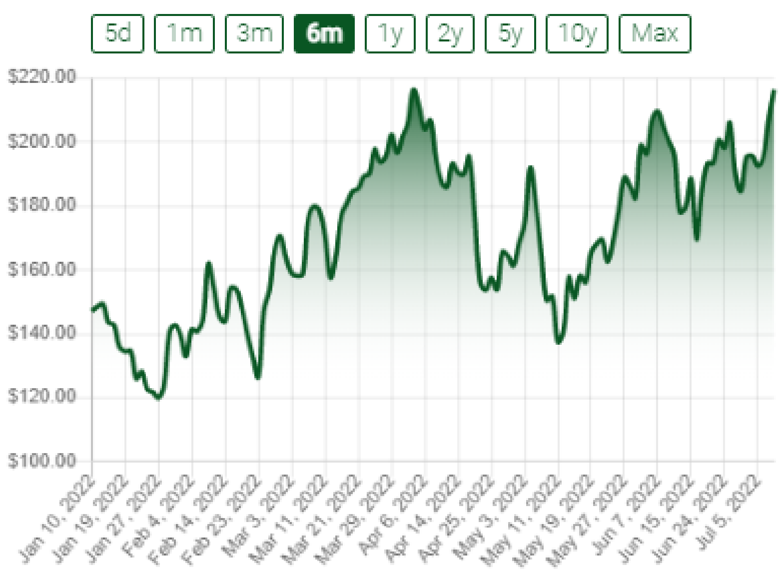
CVX $142.77 (-0.75) is one of the largest integrated oil and gas companies with production of 3.1 million barrels of oil per day. Energy stocks traded sharply higher at the beginning of the year and have since pulled back heading into the end of Q2.

This pullback looks like a good buying opportunity as many energy stocks still trade for very attractive prices compared to company earnings.

Chevron is expected to earn $17.72 per share this year. Even after a surge higher, the stock is still trading for roughly 8.1 times expected 2022 earnings. This leaves plenty of room for CVX to continue higher as investors shift more capital into energy names.

CVX is expected to report earnings around July 29.

Enphase Energy Inc. (ENPH)



ENPH $216.45 (9.61) offers solutions to manage solar power generation, storage and distribution. The company is focused on rooftop installations primarily in the U.S..

Alternative energy was one of the only areas of the market with positive returns during the second quarter. And as the industry expands, there's room for more outperformance in the second half of 2022.

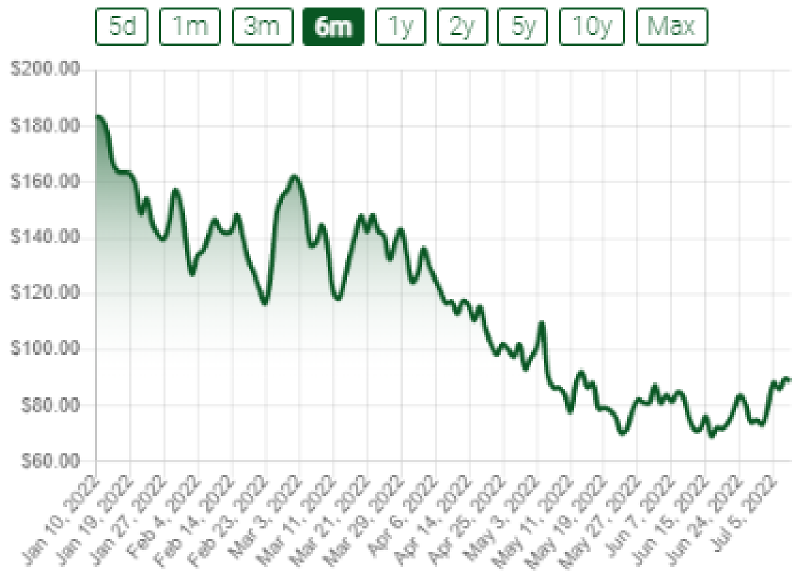
Thanks to higher oil and natural gas prices, renewable energy is becoming more economical when compared to traditional alternatives. This should help drive more demand for the solutions that ENPH sells.

Investors expect ENPH to generate $3.47 per share in profit this year. Looking toward 2023, profits are expected to increase by 26%.

The stock currently trades for 50 times expected earnings for next year, which is an expensive price tag. But with plenty of room for this industry to grow, Wall Street could continue to push the stock higher.

ENPH expected to report earnings around July 27.

Etsy Inc. (ETSY)



ETSY $88.75 (-0.90) operates an e-commerce platform, helping to connect buyers and sellers of arts and crafts merchandise.

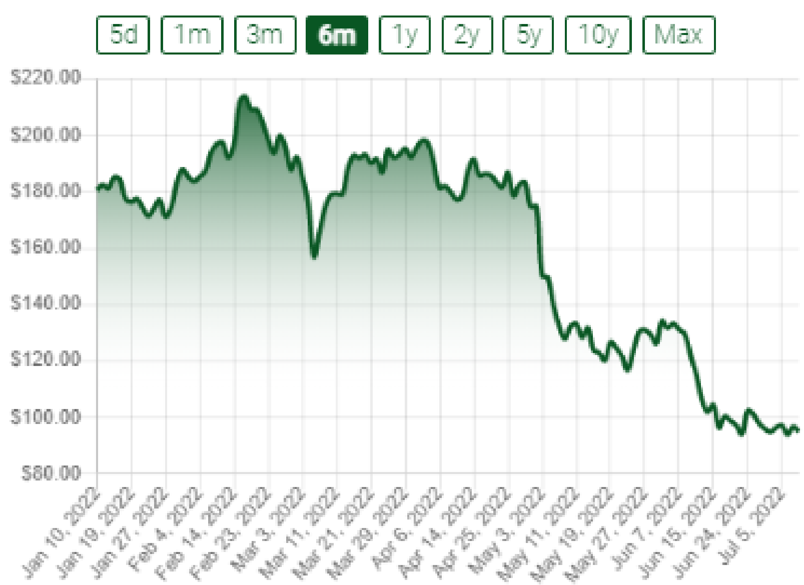
ETSY was one of the spectacular "stay at home" stocks of 2020 — and then lost roughly 3/4 of its value as these speculative stocks fell out of favor.

But after its pullback, ETSY is now closer to being an attractive value stock — or at least a healthy "growth at a reasonable price" (or GARP) stock.

The company is expected to earn $4.43 per share next year. So investors are now paying only about $20 for every dollar of profits.

ETSY is expected to report earnings around August 4.

Expedia Grp Inc. (EXPE)



EXPE $94.87 (-1.83) is the world's largest online travel agency. The company also owns Hotels.com, Travelocity, Orbitz and other travel brands.

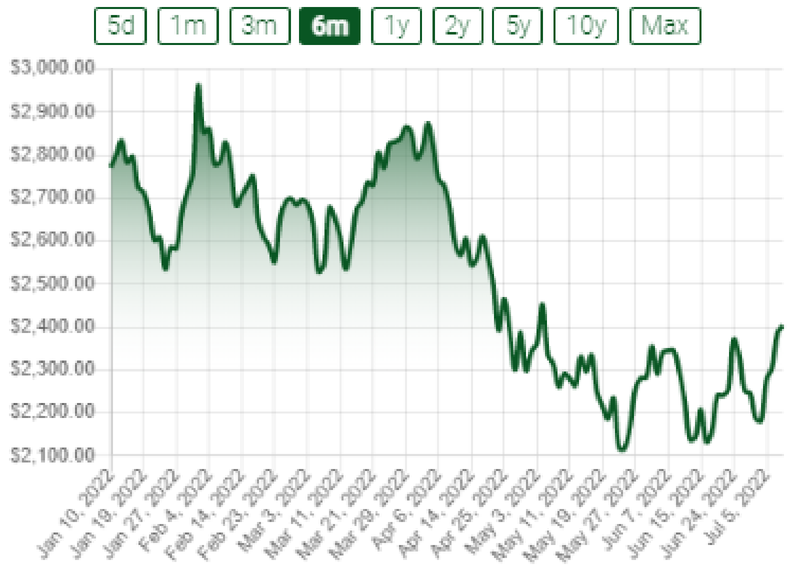
Shares have moved sharply lower as investors worry that a global recession will hurt the travel industry. But travel statistics still continue to be strong and EXPE profits are growing.

The company should generate profits of $7.11 per share this year followed by 37% growth to $9.71 per share in 2023.

After its sharp pullback, EXPE now trades for less than 10 times next year's expected earnings. Any positive news for travel could send the stock sharply higher.

EXPE is expected to report earnings around August 5.

Alphabet Inc. (GOOG)



GOOG $2,403.37 (17.25) generates about 85% of its revenue from online ads.

The stock sold off sharply as mega-cap tech stocks fell out of favor. But given GOOG's reliable ad profits, the stock now looks very attractive.

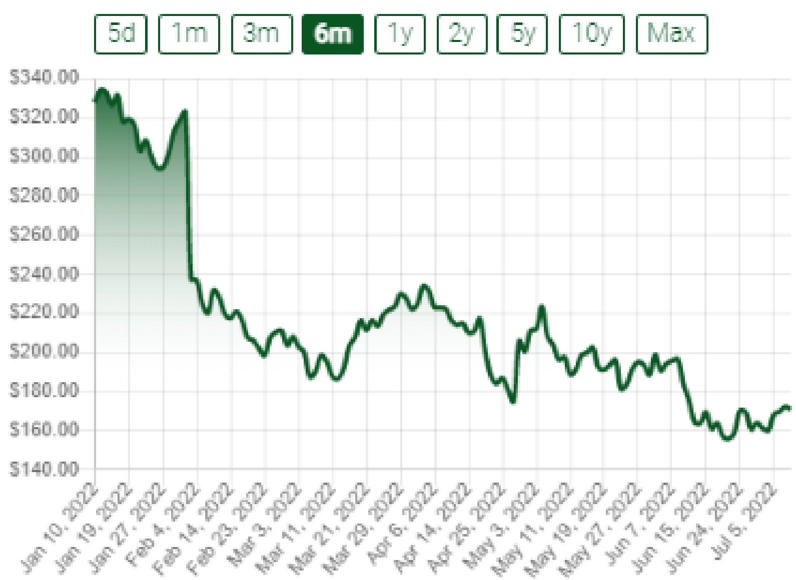
Wall Street analysts expect the company to earn $111.27 per share this year, and to grow profits by 19% in 2023.

Shares are now trading for just 18 times next year's expected profits, a discount to historical valuations.

The stock found support near $2,100 late in Q2 and now appears to be breaking higher.

GOOG is expected to report earnings around July 27.

Meta Platforms (META)



META $170.88 (-1.31) traded sharply lower in the first half following disappointing earnings reports.

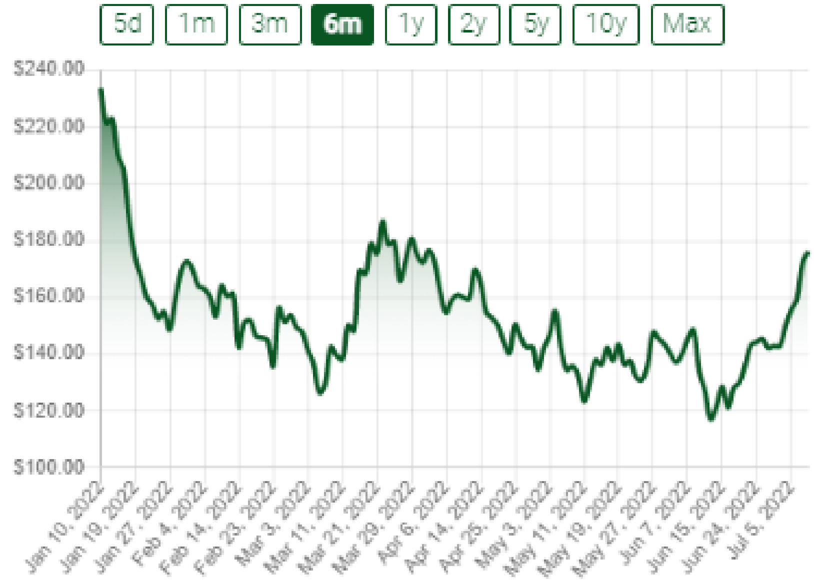
Investors are worried that Apple's new policies for how it tracks customers' online data will hurt META's ability to generate direct advertising sales. There's also some concern that META is straying from its core social media business which generates reliable cashflow for the business.

Still, the company is building a longer-term platform around the metaverse and should have plenty of ways to monetize that business over time.

Wall Street expects the company to generate profits of $11.69 per share in 2022, followed by 18% profit growth in 2023. At its current price, META trades near 12 times next year's expected earnings, which is a steep discount to previous valuations.

META is scheduled to report earnings on July 27.

Moderna Inc. (MRNA)



MRNA $176.23 (3.83) is a biotech company well known for its mRNA covid vaccine.

The technology behind this vaccine has potential uses for many other diseases.

Shares exploded higher during the coronavirus crisis, but have since pulled back to more reasonable levels.

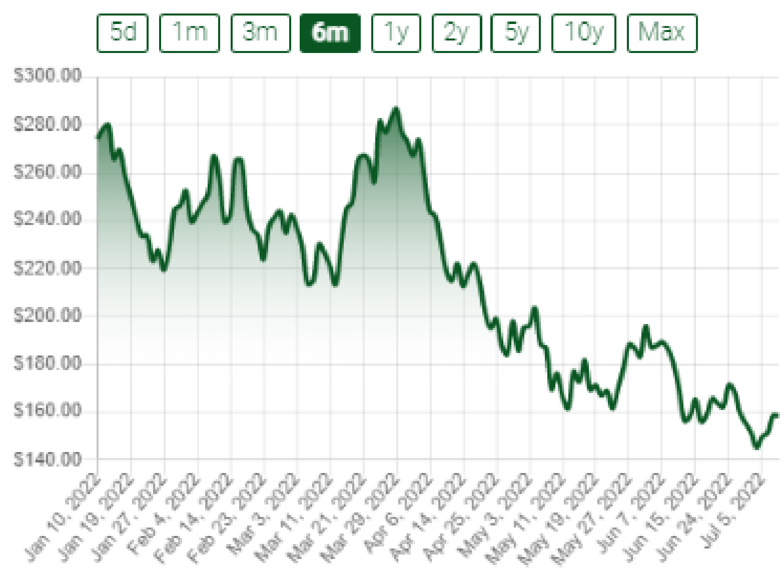
Profits are expected to hit $27.76 this year and then pull back to $8.29 in 2023.

Even using the lower 2023 profit numbers, MRNA still trades at a reasonable valuation – just 21 times expected profits.

The stock is rebounding from the June 52-week low and could have much farther to rally.

MRNA is expected to report earnings around August 5.

Nvidia Corp. (NVDA)



NVDA $158.38 (-0.20) has been a star in the semiconductor space.

Since NVDA is a "go-to" name for institutional investors, the stock was hurt by broad tech selling in the first half of 2022. But the good news is that as these institutions start to rebuild their positions, NVDA will be one of the first stocks they start accumulating as well.

One concern is that cryptocurrency declines will cut into demand for high-powered computer chips for crypto mining companies.

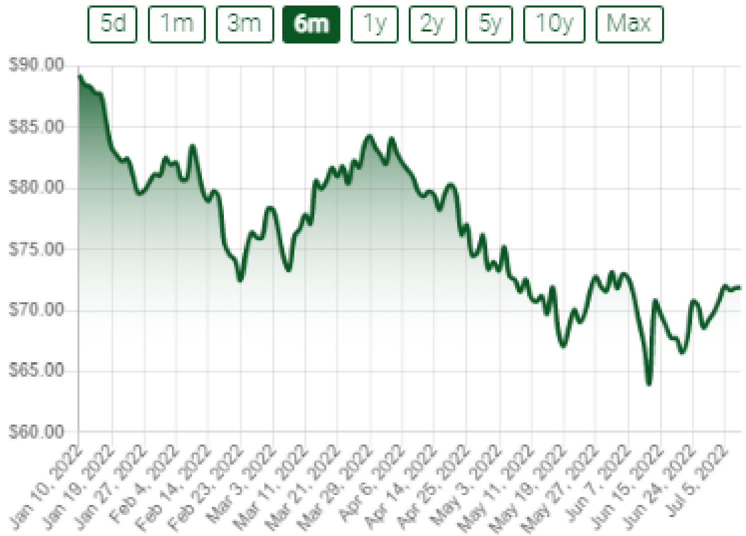
But demand from other areas (cloud computing, autonomous driving, artificial intelligence) should continue to grow.

Investors expect NVDA to earn $6.44 per share next year. At its current price, NVDA is now trading near 25 times expected profits.

This is a cheap price compared to historical valuations. Any positive news for semiconductor stocks in general – or NVDA specifically – could lead to a sharp rally.

The company is scheduled to report earnings on August 24.

Oracle Corp. (ORCL)



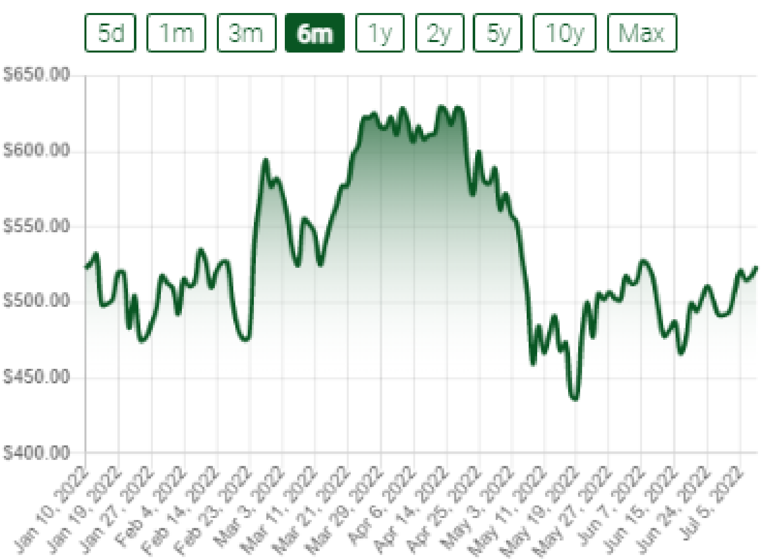
ORCL $71.87 (0.04) is a legacy mega-cap tech company offering sofware for database management and enterprise resource planning.

Large tech stocks old off as we entered the current bear market. But ORCL now trades at a reasonable valuation of just 12 times next year's expected profits.

With a reasonable valuation and 1.8% dividend yield, ORCL could be a go-to name for institutional investors re-allocating capital to the tech industry. The stock appears to have found support above $65 and could re-test levels from earlier this year.

The company is expected to report profits around Sept 13.

Palo Alto Networks Inc. (PANW)



PANW $524.22 (6.97) is one of the most well respected cybersecurity companies in the world. The firm works with many important customers including large corporations, government entities and internet service providers.

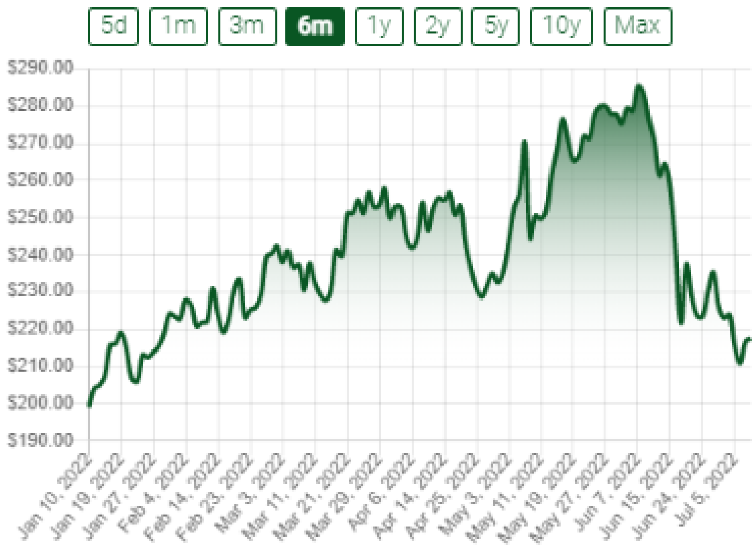
As cyber threats become more sophisticated, companies are implementing new hardware and processes to protect data and keep business operational. This trend will continue to lead to more business for PANW and should help drive the stock price higher in the second half.

Ironically, Russia's invasion of Ukraine and the potential for a more widespread conflict could help drive sales for PANW. Corporations are much more aware of cybersecurity threats and the need to work with a company like PANW to mitigate those risks.

Wall Street analysts expect PANW to earn $7.46 per share this year, followed by 24% profit growth in 2023. Shares are quite expensive, trading near 56 times 2023 expected profits. But given PANW's growth and importance to many U.S. businesses, there should still be room for the stock to run.

The company is expected to report earnings around August 23.

Pioneer Natural Resources (PXD)



PXD $217.50 (0.83) boasts proven oil and natural gas reserves of 2.2 billion barrels, with a strong history of production.

Higher oil and gas prices have handed PXD some big profits. Wall Street analysts expect earnings per share of $33.01 this year followed by a pullback to $29.26 per share in 2023.

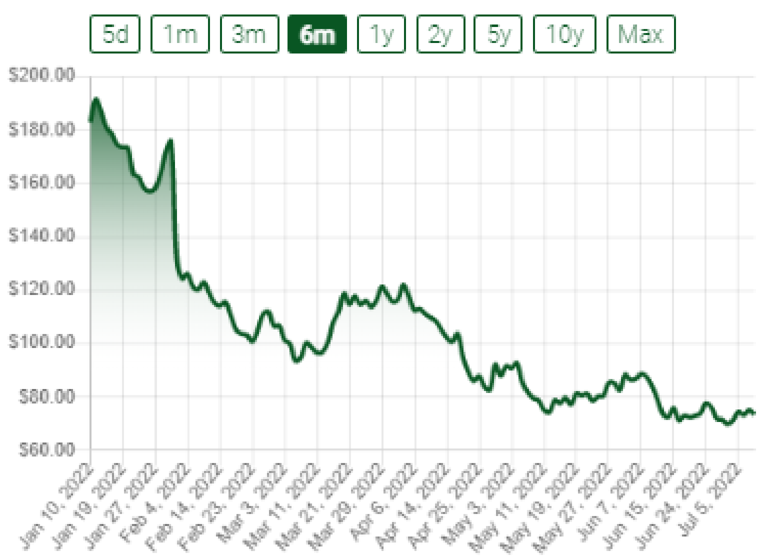
Shares of energy companies have pulled back over the last few weeks as oil prices have moderated. Still, energy stocks are currently priced as if oil were trading in the $60's instead of above $100 per barrel.

This leaves room for plenty of upside once oil prices stabilize. And the recent pullback for oil stocks now sets up a good buying opportunity.

Shares of PXD trade for just 7.4 times expected profits for next year.

The company is expected to report earnings around August 2.

PayPal Holdings (PYPL)



PYPL $73.43 (-1.61) processes payments for 426 million active accounts, including 34 million merchant accounts. The company also owns Venmo, a person-to-person payment platform.

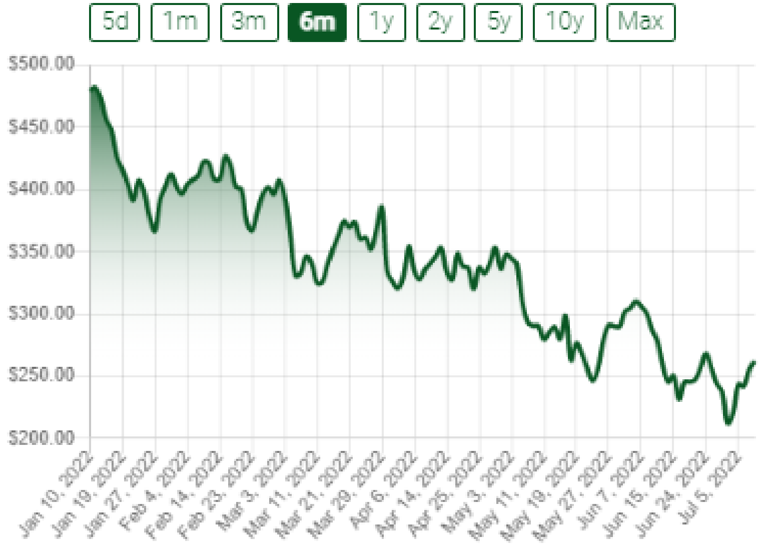
Shares soared during the pandemic, only to give back all of the stock's gains over the last year. The stock now trades for roughly 15 times next year's expected profits of $4.82 per share.

While PYPL probably didn't deserve it's sky-high stock price in 2021, the curren decline appears to be overdone. The stock is now oversold, unloved and has potential for an explosive bear market rally.

Meanwhile, PayPal as a company still looks like a very attractive business with expected profit growth for years to come. The formation of new businesses and side gigs should continue to drive demand for peer-to-peer and small business payment processing.

PYPL is expected to report earnings around July 28.

RH (RH)



RH $262.10 (6.85) is a luxury home furnishing company.

Shares have pulled back sharply from their 2021 high. At the time, investors were excited about stay at home stocks, and expected RH to profit from affluent consumers upgrading furniture.

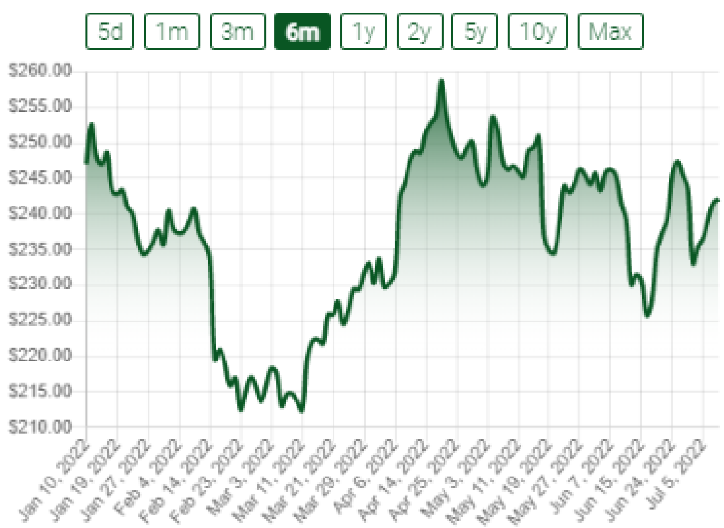
Today, shares are lower in sympathy with housing market expectations, and also following a bear market for stocks (which deflates the wealth effect for affluent consumers).

But demand for new homes continues to be strong. And following the pullback, RH trades with a more reasonable valuation.

The company is expected to earn $23.36 per share this year. So shares of RH are now trading for a bit more than 11 times expected profits.

RH is expected to report earnings around September 8.

Constellation Brands Inc. (STZ)



STZ $242.17 (0.56) is America's largest multi-category alcohol supplier. The company owns well known beer wine and spirits brands and also a 38.6% interest in cannabis company Canopy Growth.

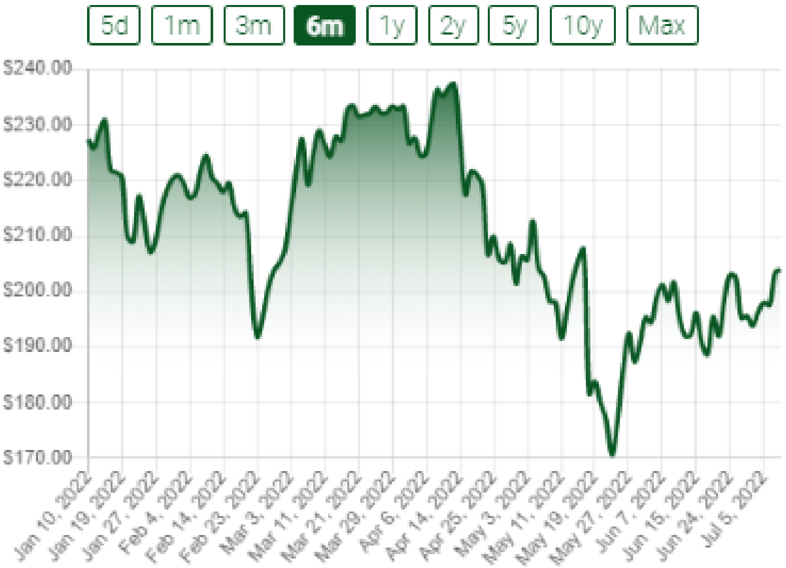
Shares are becoming more popular with investors thanks to STZ's reliable profits in all economic cycles. The post-pandemic reopening of restaurants is an important growth driver.

Wall Street expects STZ to generate profits of $12.61 per share next year — with further growth in years to come.

Shares currently trade for roughly 19 times next year's expected profits. Not a deep value, but a reasonable price for this reliable and growing company. The stock's 1.3% dividend yield also makes STZ more attractive to income investors.

STZ is expected to report earnings around October 6.

Tractor Supply (TSCO)



TSCO $203.96 (0.52) is a U.S. retailer for ranch, farm and outdoor gardening supplies.

The company has benefited from a demographic shift for families to move to more urban and suburban homes. Farming as a hobby has increased in popularity, creating more demand for TSCO products.

Shares had a strong run over the past two years before pulling back to support in recent weeks. The stock is trading for just under 20 times next year's expected profits, an attractive price for this growing retail chain.

The stock peaked near $240 at the beginning of April (near it's prior peak in late 2021). After a sharp pullback the stock appears to have stabilized. Any push higher could draw new investors in, resulting in a breakout — and future gains.

TSCO is scheduled to report earnings on July 21.

Vertex Pharmaceuticals (VRTX)

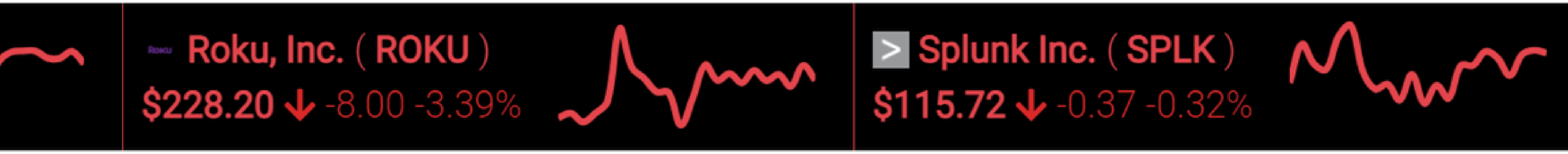
VRTX $294.29 (0.12) is a profitable biotech company focused on developing new drugs for treatment of serious diseases. The company already has a handful of drugs currently being sold, and also has a pipeline of new potential drugs.

Shares have surged higher this year as investors move capital into plays that are generating reliable profits (and away from speculative growth stocks).

Despite the fact that VRTX is in the often speculative biotech industry, the stock is trading more like a value play. Shares currently trade near 19 times next year's expected earnings and the company is expected to grow profits over the next 24 months.

VRTX is expected to report profits around July 29.

Speculative Bear Plays



I expect these stocks to trade lower. The list is a great starting point for picking out vulnerable stocks for shorting or to buy put contracts.

Buying in-the-money put contracts is a great way to profit from stocks that trade lower.

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This is a speculative strategy and you risk losing whatever you pay to purchase a put contract.

But using a small portion of your investment account this way can help to offset risks if your other investments trade lower.

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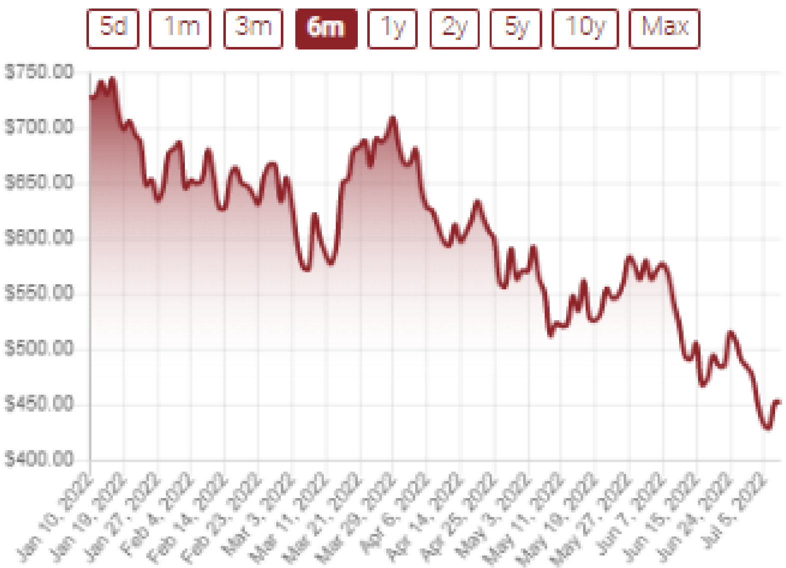
Amazon.com Inc. (AMZN)



ASML $443.37 (-9.58) has been an incredible growth story for years. But the stock is now breaking down as high-growth, high-multiple tech and consumer stocks fall out of favor.

AMZN's core retail business may be pressured by negative consumer sentiment. High inflation and rising interest rates may pressure spending for several quarters to come.

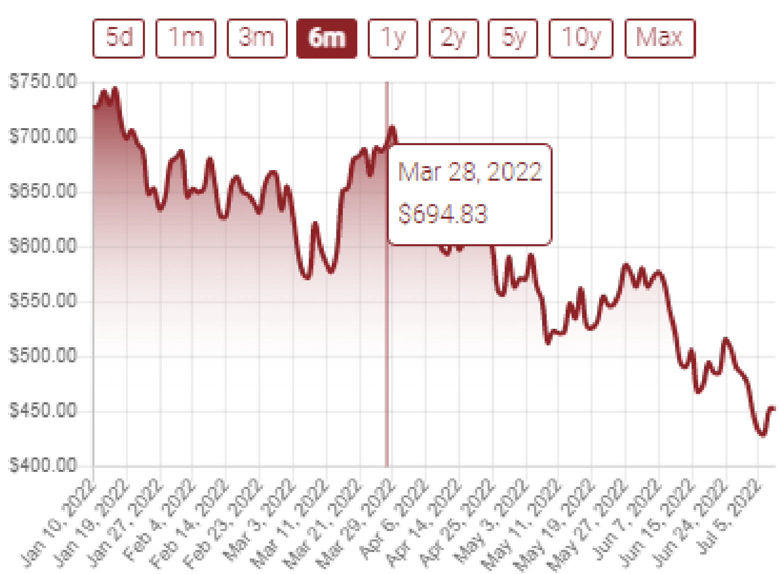
Meanwhile, Amazon's "web services" cloud business faces growing competition.

Shares broke below key support levels in late April. The stock found support near $100 but don't be surprised if AMZN re-tests (and possibly breaks) that level.

The stock trades for more than 43 times *next year's* expected profits in an environment that has been punishing high-value growth stocks.

AMZN is expected to report earnings around July 29.

ASML Holding (ASML)



ASML $443.37 (-9.58) has a special "photolithography" process for manufacturing semiconductors. The company is profitable, but expensive relative to other computer chip stocks.

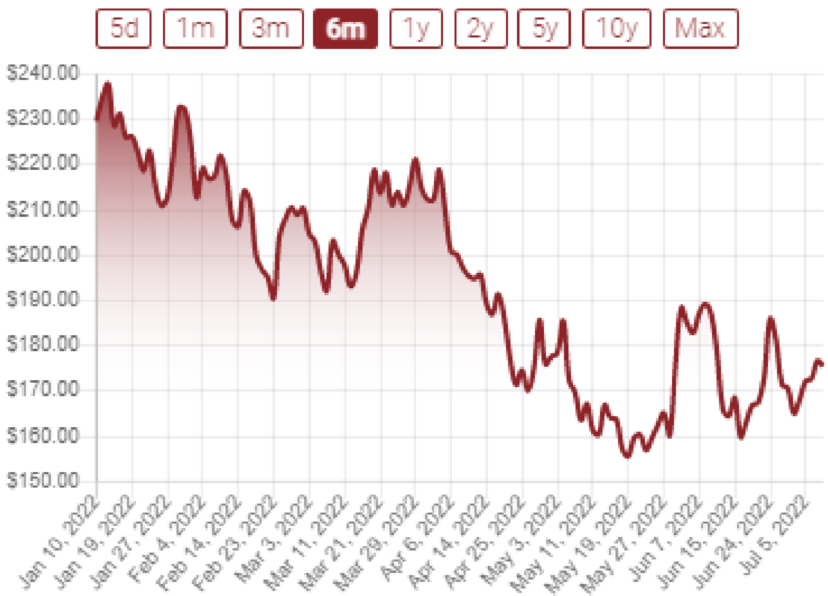
Shares surged from below $200 in 2019 to a peak just below $900 last September. Since then, the stock has traded steadily lower alongside the selloff in tech stocks.

Today, ASML trades near 22 times expected profits for this year. But Wall Street expectations for ASML continue to be ratcheted lower.

As long as high-valuation tech stocks remain out of favor with investors, ASML will be vulnerable to further declines. And even when investors decide to buy these stocks, there are other chip stocks that represent better value.

ASML is scheduled to report earnings on July 20.

Salesforce Inc. (CRM)

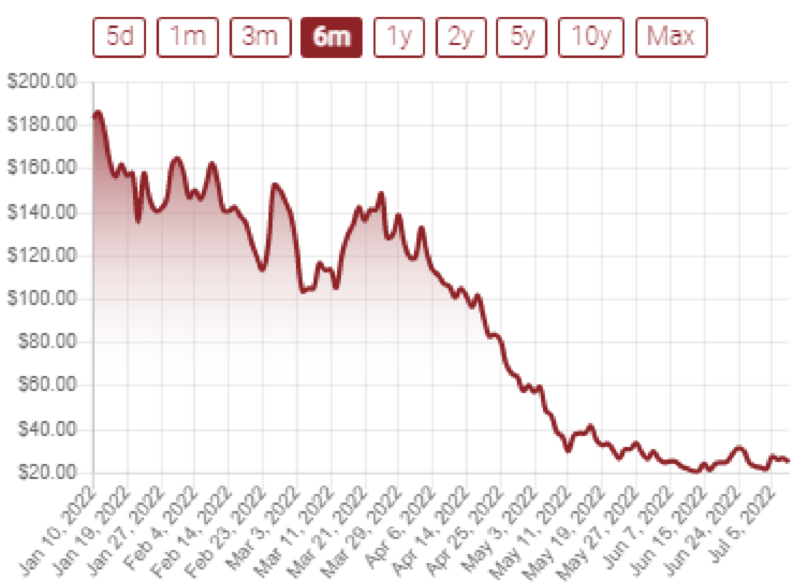


CRM $172.20 (-3.30) manages the popular "Salesforce.com" platform and helps businesses with marketing and customer service functions. The company also owns Slack — a popular office messaging service.

While the underlying business continues to be strong, CRM has sold off alongside the recent rout for tech stocks. And since the stock is currently trading for more than 30 times expected earnings for this year, CRM could have farther to fall.

CRM is expected to report earnings around August 25.

Carvana Co. (CVNA)



CVNA $22.82 (-2.27) benefited from high levels of inflation in the used car market. But as supply chain issues get closer to becoming resolved and supplies of new cars hit the market, the used car market is normalizing.

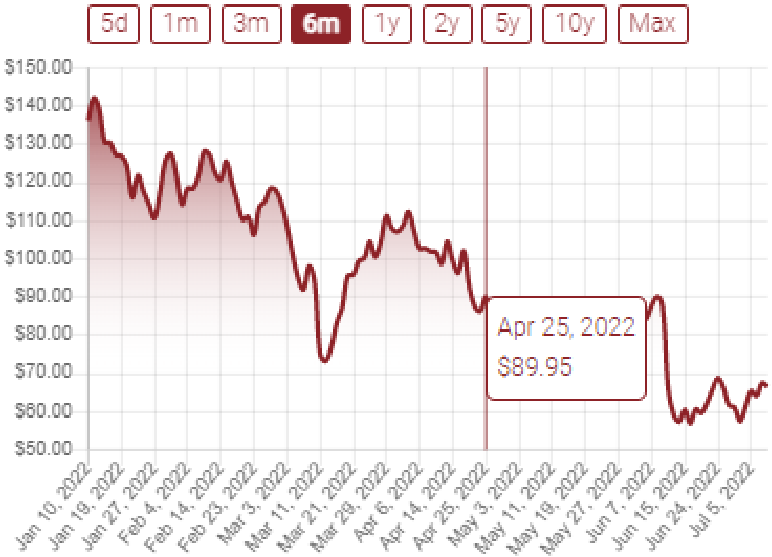
Shares of CVNA have been moving steadily lower over the past several months. It is difficult to find a reasonable price point for the stock since CVNA continues to post large losses — and will continue to do so for years to come.

Even after it's steep decline, the company still carries a $2.7 billion market cap. That's a premium value for this money-losing company.

The stock has become quite oversold, but as investors continue to exit "growth" stocks that are losing money, shares may continue to be weak. Any significant rebound would likely represent a good opportunity to enter a new short position.

CVNA is expected to report earnings around August 5.

DocuSign Inc. (DOCU)



DOCU $62.97 (-3.48) was a winner during the coronavirus crisis as the company helped individuals and businesses execute legal documents without being in the same physical place.

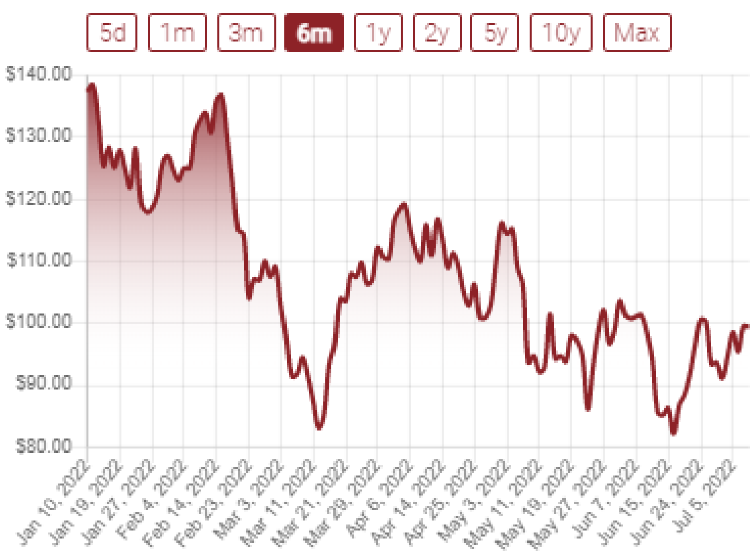
But DOCU's technology is far from unique and software companies offer competing products that businesses and individuals use.

The market values DOCU as a $13.3 billion enterprise. But that value continues to fall as competition rises and investors lose confidence.

After losing roughly 80% of its value, DOCU is less of a "screaming short" than it was in years past. But the stock still trades for an expensive 35 times expected earnings for this year, and Wall Street continues to revise expectations lower. That leaves plenty of room for further decline.

DOCU is expected to report earnings around September 2.

Five9 Inc. (FIVN)



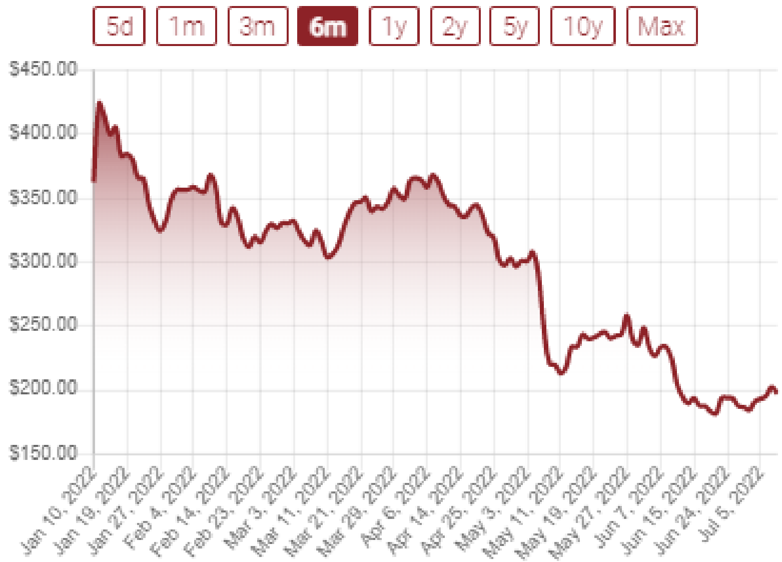
FIVN $93.24 (-6.14) is a cloud technology company offering software solutions for call centers and customer service response hubs. For a time, any company with the term "cloud" in their description traded higher because investors wanted exposure to cloud computing.

Today, shares of FIVN are trending lower as high-growth low-earnings companies have fallen out of favor. To be fair, the company is expected to turn a profit of $1.23 per share this year. But shares still trade at roughly 80 times this year's expected earnings.

That multiple makes the stock vulnerable especially as investors move capital from speculative plays to more established stocks with reliable profits.

FIVN is expected to report earnings around July 27.

Illumina Inc. (ILMN)



ILMN $191.72 (-5.32) is a high-tech medical company that provides labs with genome sequencing tools and consumables. Shares moved sharply higher during the coronavirus crisis in anticipation of more demand for ILMN's products.

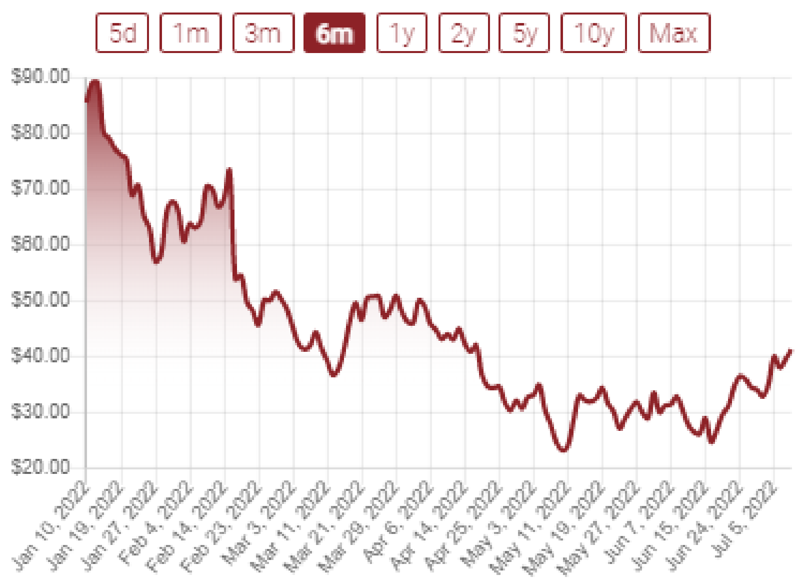
While ILMN's technology is impressive, the stock is valued near 37 times next year's expected profits. And now that the coronavirus crisis is becoming less of a risk, ILMN is less of a top-of-mind stock for investors.

Shares have moved steadily lower as U.S. stocks entered a bear market — despite the company beating earnings expectations. This is a good indication of how vulnerable the stock is — and how quickly investors can lose faith in growth opportunities.

Any material rebound sets up a good opportunity to set up a new bearish trade.

ILMN is expected to report earnings around August 5.

Roblox Corp. (RBLX)



RBLX $38.40 (-2.85) operates a "metaverse-type" gaming platform that caters to young users.

The company hopes to broaden its offerings to include concerts, education and business functions.

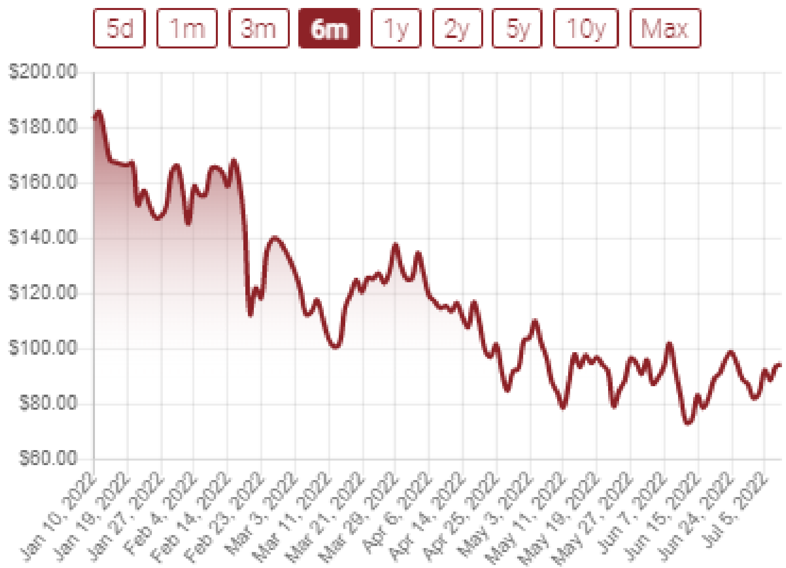
Despite its popularity with kids, RBLX continues to lose money and is expected to continue to post losses for the foreseeable future.

Money-losing growth stocks have fallen out of favor with Wall Street. A recent bear market rally creates a good entry point for a new short position.

RBLX is now nearly 100% above the May low, but could quickly turn around and re-test that level.

The company is expected to report earnings around August 16.

Roku Inc. (ROKU)



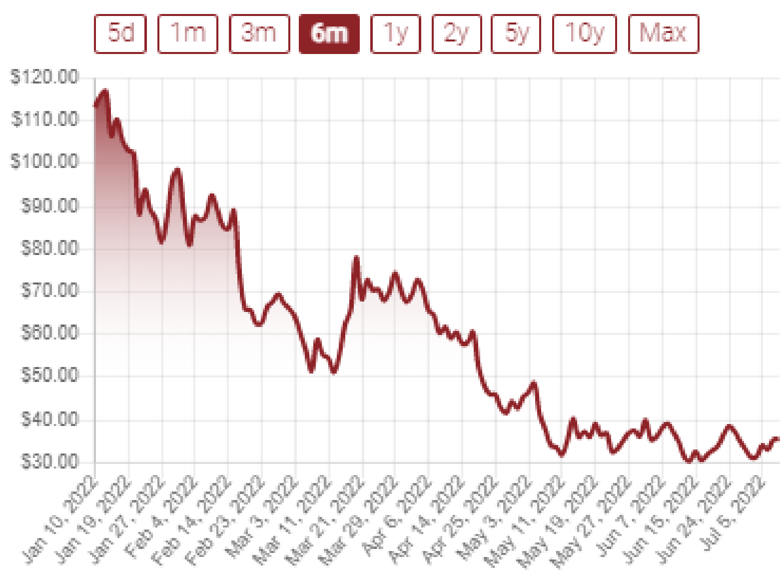
ROKU $88.06 (-6.35) is one of the top holdings in Cathie Wood's ARKK Innovation fund. This designation helped ROKU rise to an inflated price as investors added ARKK positions to their own account in late 2020 and early 2021. But as speculative tech stocks have fallen out of favor, ROKU has established a heavily bearish trend.

Wall Street analysts continue to lower their expectations for future profits. The company is expected to lose $1.60 per share this year, and lose another $0.49 in 2023.

Despite the stock's huge decline, shares still trade for more than 6 times this year's expected revenue. And competition should continue to make it difficult for ROKU to meet investor expectations.

ROKU is expected to report profits around August 16.

Shopify Inc. (SHOP)



SHOP $32.73 (-2.84) is an e-commerce platform serving small and midsized businesses.

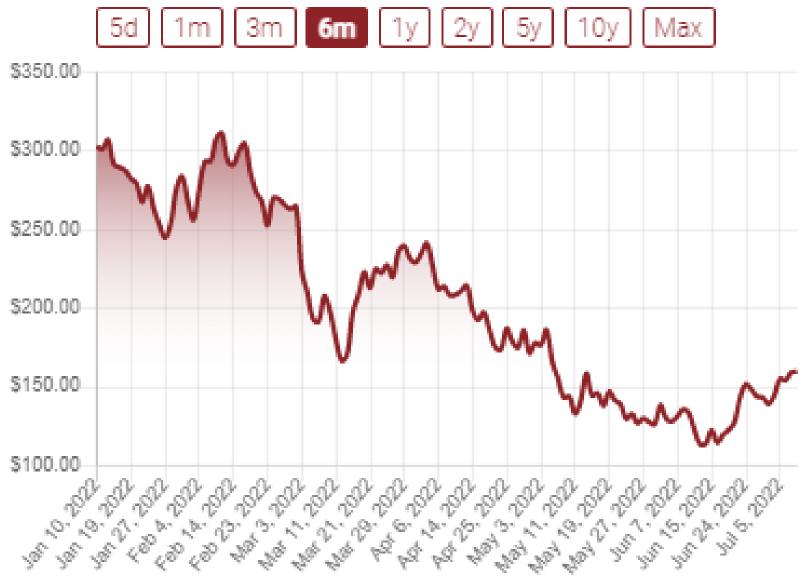
Even thought the stock has already lost roughly 80% of it's peak value, shares are still incredibly expensive (and vulnerable). The company still trades with a $45 billion valuation and earnings expectations have been revised steadily lower.

Wall Street expects SHOP to earn just $0.09 per share this year. And while profits may grow to $0.25 next year shares are still trading for about 145 times *next year's* expected profits.

That leaves plenty of room for the stock to trade lower – especially if the broad market starts selling off again.

SHOP is expected to report earnings around July 28.

Snowflake Inc. (SNOW)



SNOW $156.70 (-2.98) is a cloud data company that allows corporations to buy and analyze industry data.

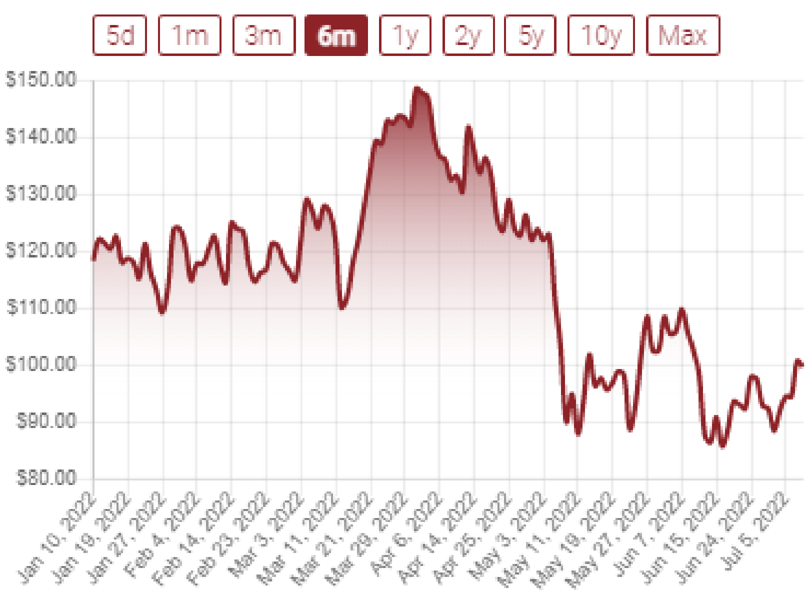
While the technology that SNOW offers is quite impressive, the company only turns a very small profit. Shares trade at a rich valuation compared to profit expectations. And Wall Street continues to punish high-value growth stocks.

The company is expected to earn $0.15 per share this year, and $0.42 next year. Shares are currently trading for roughly 380 times next year's profit expectations.

This leaves plenty of room for SNOW to move lower. A recent bear market rally sets the stock up well for a new bearish play.

The company is expected to report earnings around August 25.

Splunk Inc. (SPLK)



SPLK $96.53 (-3.18) is a cloud computing company that has become a "falling star" as investors move out of the speculative tech area.

The company is expected to earn a profit of $0.23 this year, and grow those profits to $1.05 next year.

While this growth rate is impressive shares are still trading for roughly 95 times next year's expected profits.

This leaves SPLK vulnerable to another selloff — especially if the broad market rolls over.

SPLK is expected to report earnings around August 25.

Spotify Inc. (SPOT)

SPOT $99.98 (-4.26) , operates one of the world's largest music streaming services. But despite the product's popularity, shares are falling out of favor on Wall Street.

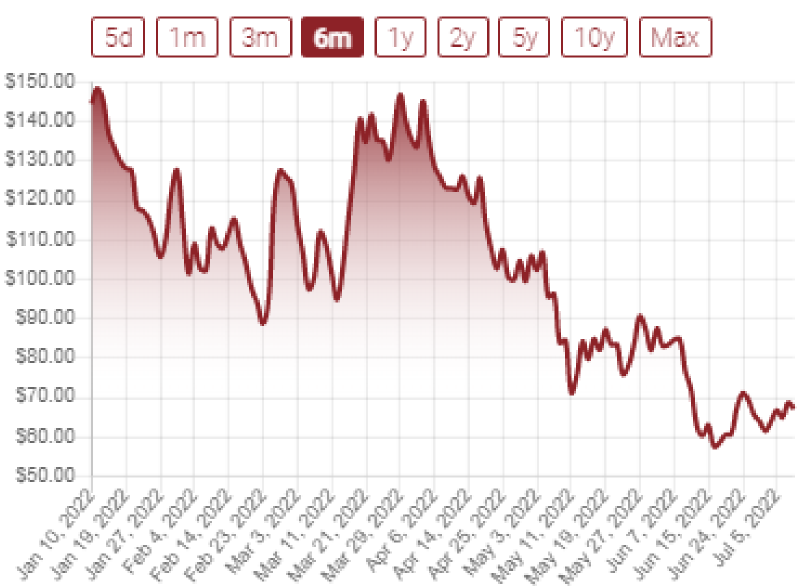
Spotify faces tough competition from Apple Music, Alphabet's Google Music and other mediums as well.

Even after a huge decline, the stock is still very expensive. SPOT trades for roughly 200 times *next year's* expected earnings of $0.52 per share. And Wall Street analysts have been revising their earnings expectations lower.

As speculative and expensive stocks fall out of favor, SPOT could still have a long way to drop before the stock price matches the company's actual business prospects.

SPOT is scheduled to report earnings on July 27.

Block Inc. (SQ)



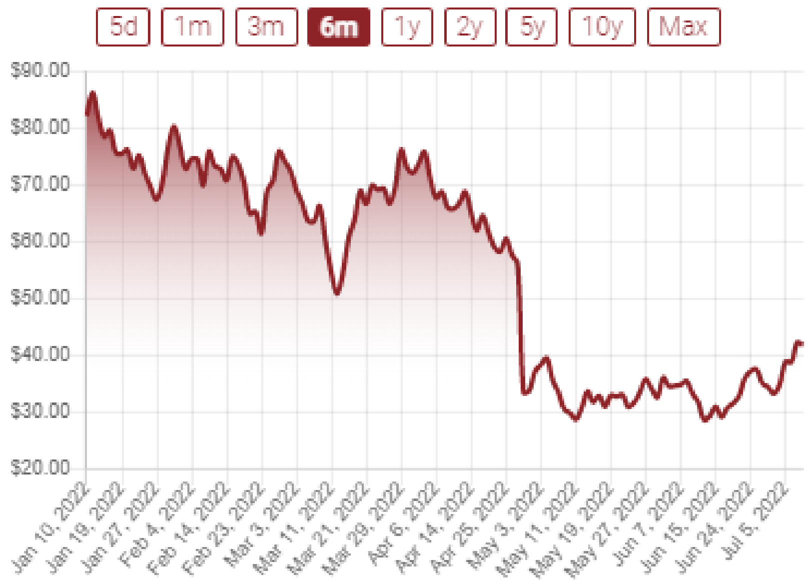
SQ $64.34 (-2.68) is a payment processing company at heart, despite it's re-branding as "Block Inc." The new name for the firm (previously known as Square Inc.) seems like an attempt to direct investor attention away from it's competitive payments business and tap into the excitement of blockchain and cryptocurrency technology.

Except Block's timing was incredibly poor for this move as anything cryptocurrency related has come under pressure.

Even after its sharp drop, SQ still has a market valuation near $39 billion and is trading for more than 40 times next year's expected earnings. This is an expensive price point that leaves the stock vulnerable to more selling in the second half of this year.

SQ is scheduled to report earnings on August 4.

Teledoc Health Inc. (TDOC)



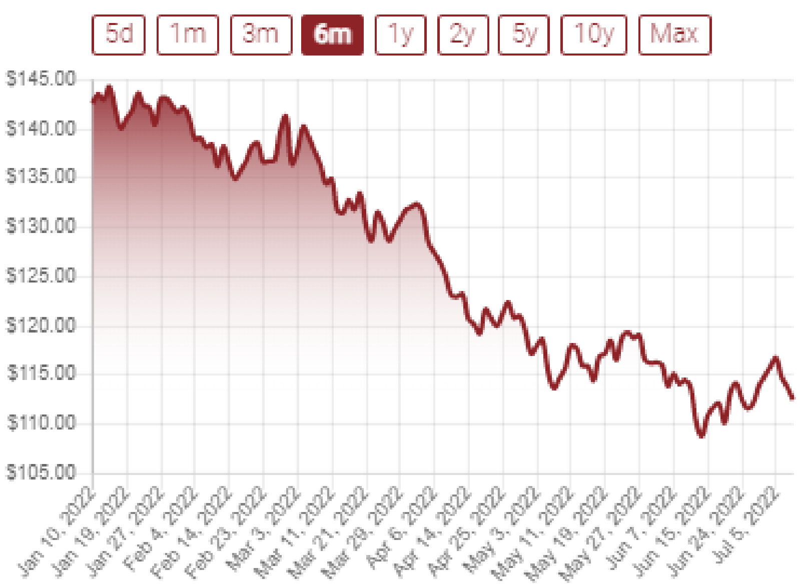
TDOC $39.30 (-2.51) became popular during the coronavirus crisis as the company's online platform allowed users to meet with physicians from the comfort and safety of home. But despite the popularity, TDOC is unprofitable and is not expected to turn a profit in the foreseeable future.

As a top-ten holding in Cathie Wood's ARKK Innovations fund, TDOC is vulnerable to selling in the broad speculative tech sector.

Even after its steep decline, TDOC still has a market cap above $6.5 billion. That leaves room left for TDOC to fall farther. A recent bear market rebound sets the stock up nicely for new bearish positions.

TDOC is expected to report earnings around July 27.

iShares 20+ Year Treasury ETF (TLT)



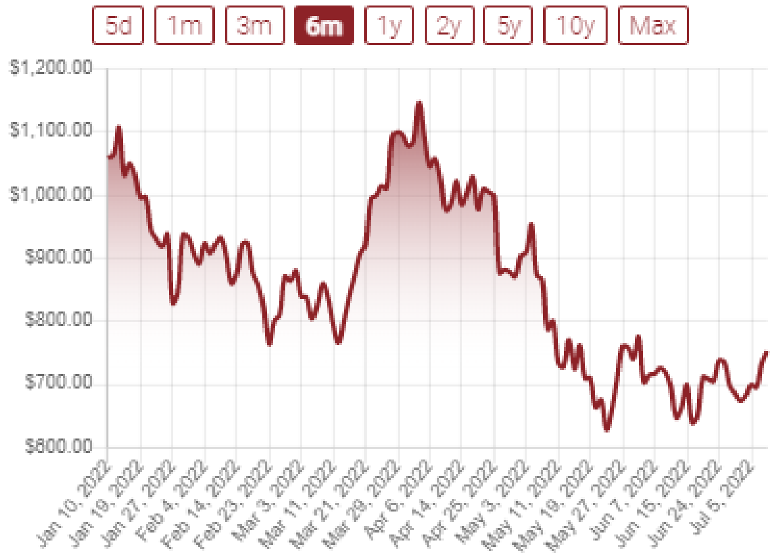
TLT $114.65 (2.15) is an ETF tied to long-term treasury bonds. As interest rates rise, treasury bond *prices* fall.

We're still in the early stages of the Fed's tightening cycle. And yet long-term treasury bonds have entered a major bear market.

Any material rebound for TLT could set up an attractive entry point for a new bear trade. As long as the Fed continues to raise rates, TLT is likely to experience more pressure.

Standard economic reports like inflation numbers, employment figures and manufacturing reports will be catalysts for TLT.

Tesla Inc. (TSLA)



TSLA $722.40 (-29.89) has had tremendous success building its premium electric vehicle business. But as new competitors enter the market, Tesla's first mover advantage is waning.

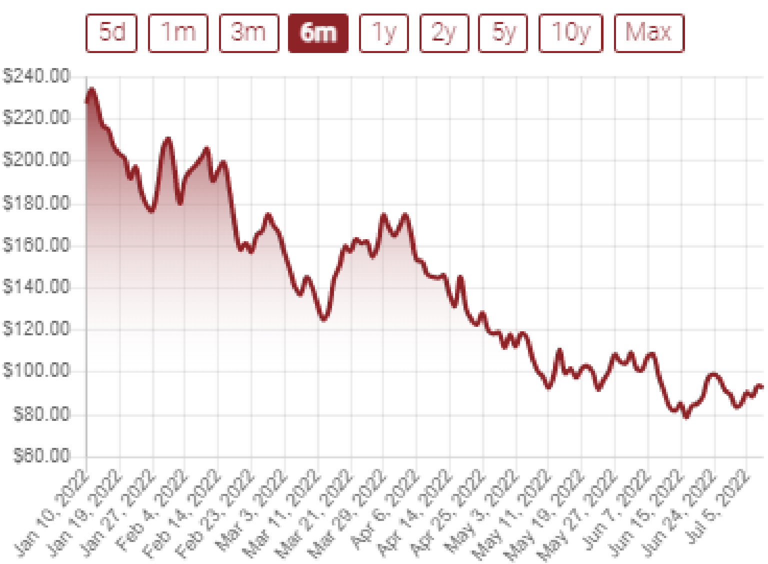
Shares trade for more than 60 times expected earnings for this year. And now that TSLA's earnings are expected to grow at a more traditional rate, the stock's premium multiple is much harder to justify.

In addition to TSLA's premium valuation, shares are also reacting to Elon Musk's bid to take Twitter Inc. (TWTR) private. There is concern that Musk may have to sell a portion of his TSLA shares to free up cash for this purchase. And this possibility is weighing on the stock.

Shares are currently well below the stock's 200-day average near $910. This level will likely be a major resistance area for the stock, and the longer TSLA remains below the 200-day average, the more quickly this line will fall.

TWTR is scheduled to report earnings on July 20.

Twilio Inc. (TWLO)



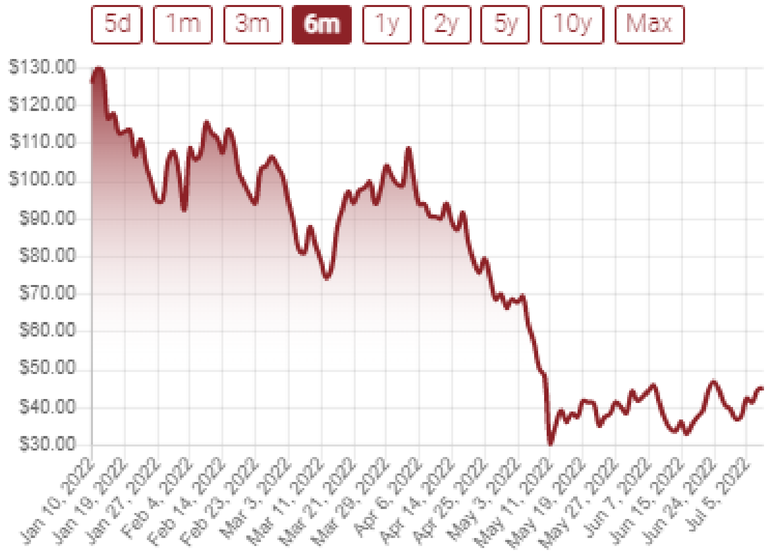
TWLO $87.93 (-4.78) offers a cloud-based software platform that allows developers to create applications that integrate voice and video functionality. This technology may be very advanced, but the stock is still extremely over-valued compared to the company's economics.

Wall Street analysts expect losses in 2022, followed by earnings of just 16 cents in 2023. (Earnings expectations for 2023 have been steadily revised lower — a disturbing trend). At its current price, TWLO trades for more than 125 times earnings that are expected *two years* from now. And this, after the stock has already lost roughly 80% of its peak 2021 value.

TWLO has a well-established bear trend. And with a $17 billion market value, the stock could have significantly farther to fall. Any rebound from the stock's current oversold level could set up an attractive short entry point.

TWLO is expected to report earnings around July 29.

Unity Software Inc. (U)



U $42.64 (-2.59) offers a platform for developers to create 3d content for gaming, virtual reality, and other applications. The software will likely be at the heart of many new technologies introduced in the next few years.

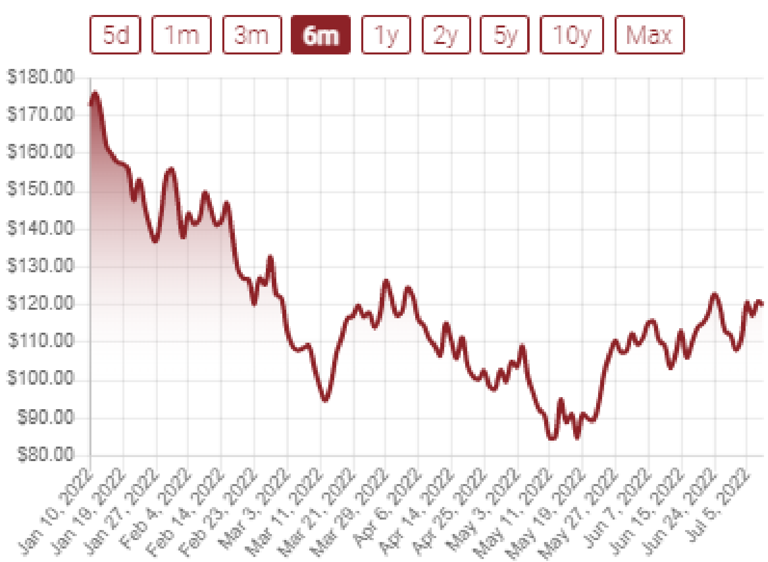
Unity is one of Cathy Wood's top ten ARKK holdings and the company's technology should be very important. But the challenge for investors is that U will still post a loss in 2022 and 2023. The company is only expected to generate a profit of 14 cents per share in 2024. Meanwhile, Wall Street analysts have been revising their future profit expectations lower.

With a market cap above $13 billion, investors are paying more than 9 times this year's expected *sales* — a very expensive price.

Shares peaked in November and have lost more than 75% of their value in short order. After stabilizing for the last several weeks, U may be ready for another move lower.

Unity is expected to report profits around August 10.

Zoom Communications (ZM)



ZM $111.04 (-8.76) was one of the major winners during the coronavirus crisis The company's videoconferencing software made it easier for teams to meet "virtually" and for employees to continue to be productive even without meeting in person.

Now that the broad economy is recovering and travel is picking back up, Zoom's overall growth is likely to contract. There are also plenty of high-powered competitors in the field including Microsoft and it's "Teams" product. ZM trades near 29 times expected earnings and Wall Street analysts continue to revise profit expectations lower.

A bear market rebound for ZM now sets up an attractive entry point for a new push lower.

ZM is expected to report earnings around August 30.

Put-Selling Income Plays

I use these stocks for my put-selling income strategy.

My favorite strategy for generating income from the stock market is to sell put contracts on stocks I would like to own.

When you sell a put contract, you're paid cash in exchange for your promise to buy shares of stock. That cash can add up over time, giving you an attractive return for your investment account.

Like all investing, this strategy involves risk. But I like this approach because it actually uses less risk than a typical "buy and hold" strategy.

(Please note, I may have personal positions in any of these stocks, and may buy or sell shares or related option contracts without notification at any time.)

APA Corp. (APA)

APA $32.88 (-1.33) is an oil and natural gas exploration company with 913 million barrels of oil equivalent.

Higher oil prices have helped to make energy stocks like APA some of the best performing investments so far this year.

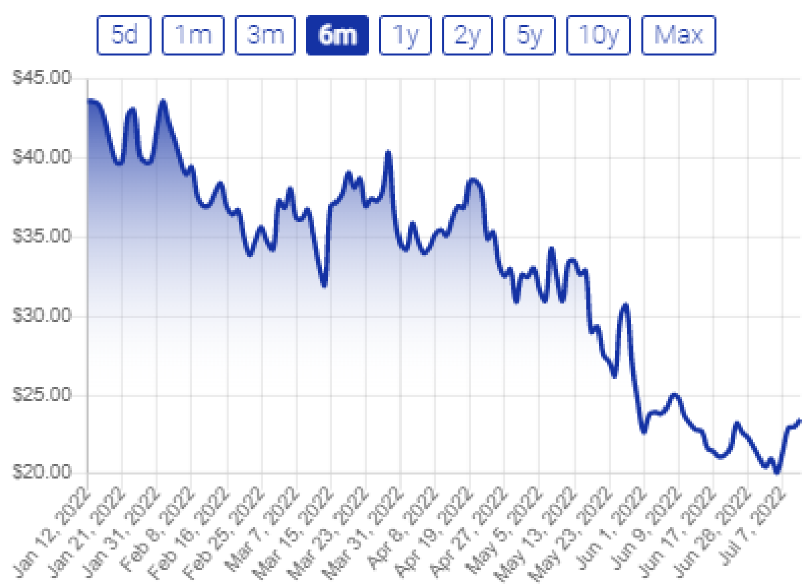
As the global economy recovers from the coronavirus crisis, demand will continue to grow. Meanwhile, underinvestment in traditional energy sources and geopolitical concerns weigh on the supply side of the market.

On top of these fundamental factors, Russia's invasion of Ukraine has led many countries to stop purchasing Russian oil, taking even more energy supplies offline. This should help keep oil and natural gas prices relatively high, boosting profits for APA.

A recent pullback for oil stocks sets up an attractive entry point for new income positions.

APA is expected to report earnings around August 4.

Big Lots Inc. (BIG)



BIG $23.42 (0.44) is a discount retailer that typically buys excess inventories from other retailers and then sells them at a discount.

The business model has been challenged over the last two years as supply chain issues have led to tight inventories, making it difficult for BIG to source merchandise at cheap prices.

But the situation is now reversing and major retailers have too much inventory. This bodes well for BIG and profits are expected to recover to $2.26 per share next year and $4.35 the following year.

Shares trade at just over 10 times next year's expected earnings — and a much steeper discount to the following year's earnings.

The stock appears ready to recover and could provide us with some great income plays over the next several months as it moves back toward previous levels.

BIG is expected to report earnings near August 26.

Peabody Energy Corp. (BTU)

BTU $21.13 (0.33) mines and sells coa from its production locations in the U.S. and Australia.

Global demand for energy continues to be strong, and coal continues to be an important fuel for generating electricity.

While the macro trend is to move away from coal-fired power plants, there is still plenty of long-term demand for coal. And advances in technology have made these plants much more environmentally reponsible.

BTU is expected to earn an astounding $9.35 per share this year before profits settle back to more reasonable levels (near $3.45 per share) next year.

Even using next year's lower profit numbers, shares of BTU are trading for just 6 times expected profits. That's offers deep value for investors and should help to support a higher stock price.

CF Industries (CF)

CF $85.50 (-0.84) is a North American producer of nitrogen fertilizers.

Russia's invasion of Ukraine has caused severe disruptions in the global agricultural market. Since these two countries supply a large portion of the world's grain, farmers around the world need to increase yields to make up for the shortfall.

CF benefits from this trend. Demand for fertilizer is high, driving up prices and profit margins.

Despite the strong run for CF, the stock still represents a tremendous value. Shares are currently trading near 6.4 times expected profits for 2023 (despite the fact that profits are expected to contract).

I expect the price for CF to remain stable as profits continue to roll in. The company is expected to report earnings near August 9.

Cleveland Cliffs Inc. (CLF)

CLF $15.48 (0.38) is a U.S. steel company that operates in the Great Lakes "rust belt" region.

As the global economy picks up and supply chain issues begin to ease, manufacturing is picking back up. This drives demand for various types of steel, which is good news for steel producers.

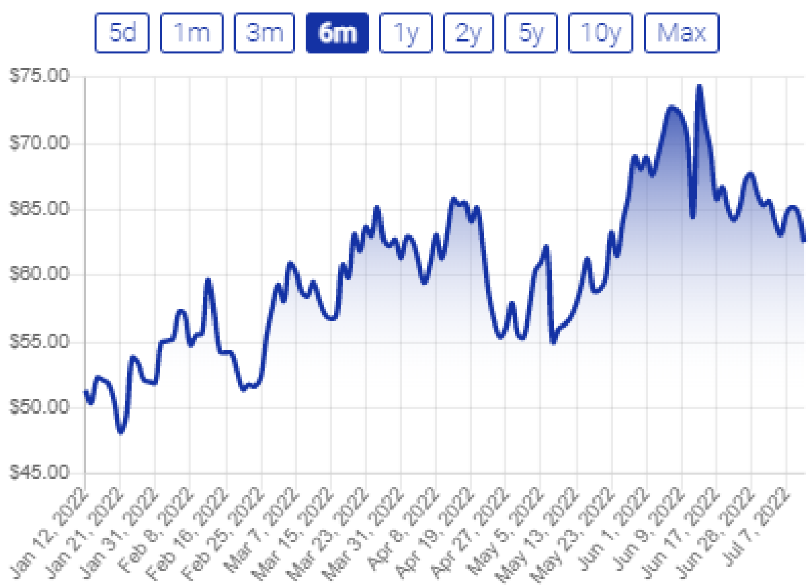
CLF has a particular advantage. While many competitors rely on iron ore imports from China, CLF has its own iron ore mines. This helps keep costs low and also reduces CLF reliance on foreign suppliers.

Earnings are expected to peak near $5.77 per share this year. In 2023, Wall Street analysts expect profits of $3.62 per share. Estimates have been revised lower as analysts worry about the possibility of an upcoming recession.

CLF represents a tremendous value, trading at just 4.3 times *next year's* expected profits. So even if projections pull back a bit more, shares of CLF still give investors a lot of value.

The company is scheduled to report earnings on Jul 22.

Continental Resources (CLR)



CLR $62.71 (-2.05) is a U.S. oil and natural gas producer with operations in several high-value shale plays in North Dakota, Texas and Oklahoma. The company recently reported proven reserves of 1.6 billion barrels of oil equivalent.

As the global economy reopens, demand for oil is picking up. Natural gas is also in high demand both for generating electricity and for use in exporting liquid natural gas to other parts of the world. Russia's invasion of Ukraine has led to even more demand around the world, leading to better profits for CLR.

Energy stocks have pulled back this summer as oil prices eased and investors worry that a recession could hurt demand.

However, energy stocks are still very cheap compared to oil prices and expected profits. CLR currently trades near 6 times next year's expected profits of $10.77 per share.

That price offers investors a significant amount of value, and should help to support the stock and keep it from moving much lower.

CLR is expected to report earnings near August 2.

Coty Inc. (COTY)

COTY $7.60 (0.11) sells cosmetics, fragrances and skin / body care products under licensed brands such as Calvin Klein, Hugo Boss and Gucci.

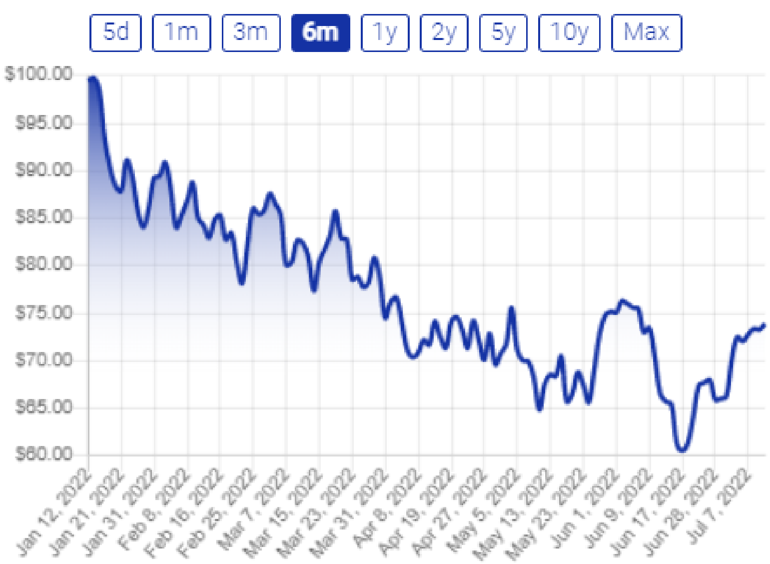
The health & beauty market continues to be a reliable area of profits in a market that has been difficult for other retailers.

Several years ago, COTY acquired Proctor & Gamble's beauty business and that acquisition has given the company a solid foundation. This reliability helps to attract investors to shares of COTY in an environment where other investments are much more uncertain.

Shares are not extremely cheap, trading near 21 times next year's expected profits. But since COTY is one of the few true growth areas in the retail market, that premium price point is justified.

COTY is expected to report earnings near August 26.

D.R. Horton Inc. (DHI)



DHI $73.99 (0.72) is a leading homebuilder operating in 31 states across the U.S..

Homebuilder stocks have traded sharply lower as investors worry that higher interest rates will hurt affordability and demand for new homes.

And while this is a concern, demographic demand for new homes continues to be strong. Meanwhile, there is simply not enough supply of homes available.

So homebuilders like DHI should be able to continue selling as many homes as they can build. And as supply chain and labor markets ease, DHI should be able to build even more homes — growing profits in the process.

Shares are trading near 5 times next year's expected profits of $15.17. This price offers investors a tremendous amount of value.

I expect the stock price to rise in the second half of this year. DHI is scheduled to report earnings on July 21.

JD.com Inc. (JD)

JD $60.74 (1.15) is China's second-largest e-commerce company. Its business operates much like Amazon's retail business in the U.S..

Chinese stocks have been under pressure over the past year as regulators in China put pressure on large businesses.

But as China's economy weakens, many policies are starting to shift.

JD is a very profitable company, and investors expect profits of $1.79 this year. In 2023, those profits are expected to grow to $2.71 per share.

The stock now trades for just 22 times next year's expected profits. That's an attractive valuation for a company with as much growth potential as JD.

While the stock still has some political risk, those risks appear to be lifting rather than getting worse. Any pullback could set up a good entry point for a new income play.

JD is expected to report earnings near August 23.

Morgan Stanley (MS)

MS $76.80 (0.98) is a blue chip global investment bank with a diversified base of customers and business lines.

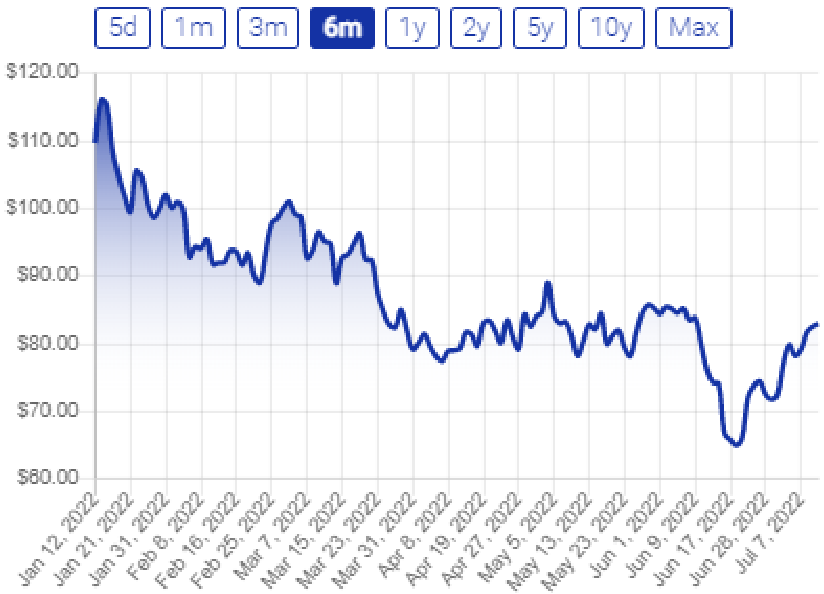
A pullback for global stock and bond markets has created a tough environment for many investment banks. These banks often generate large fees from underwriting new securities — and that market has largely dried up midway through 2022.

However, rising interest rates can help the more traditional side of the banking business. New loans will pay the bank higher rates of return, helping to boost net interest profits.

Large investment banks recently passed the Fed's annual stress tests, showing that they are in good condition to be able to weather a financial storm. These tests also clear the way for banks like MS to pay larger dividends and buy back more shares.

Any positive economic news should help to send bank stocks higher. And with earnings season now upon us, reports from MS or its competitors could also drive shares higher.

Meritage Homes (MTH)



MTH $82.90 (0.35) builds single family homes and active adult communities across the Western, Southern and Southeastern U.S..

Demand for homes continues to be strong despite rising interest rates. At this point there is an acute imbalance between the supply of housing units and the number of households looking for places to live.

A pullback for homebuilders like MTH creates a good opportunity for our income plays. We're now able to sell put contracts with an "agreement price" (or strike price) at a lower level. And in many cases, we receive more income from these put contracts as investors expect more volatility in the weeks ahead.

Shares of MTH are trading near 3.4 times next year's expected profits of $23.60. This is an extremely low price and reflects just how pessimistic investors have become for this important area of the market.

Occidental Petroleum (OXY)

OXY $57.52 (-2.00) is an independent oil and gas producer with 3.5 billion barrels of oil in reserve and production of 1.2 million barrels of oil per day.

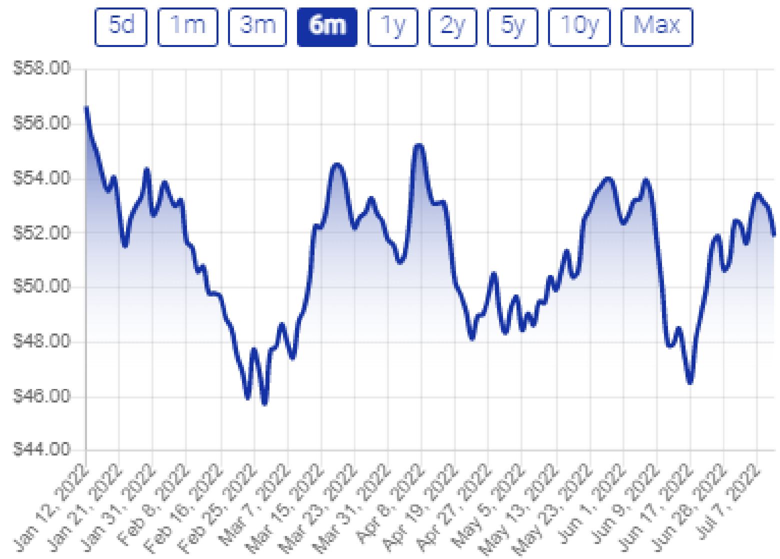
Energy stocks continue to benefit from higher oil prices. And most still represent great value stocks as prices haven't yet fully adjusted to higher oil prices.

Warren Buffet made headlines this summer by announcing a large stake in OXY. This institutional sponsorship should help to keep the stock from trading lower and could lead to more investors joining Buffet by adding to their positions.

Shares currently trade for just over 7 times expected profits for next year.

OXY is expected to report profits near August 3.

Pfizer Inc. (PFE)



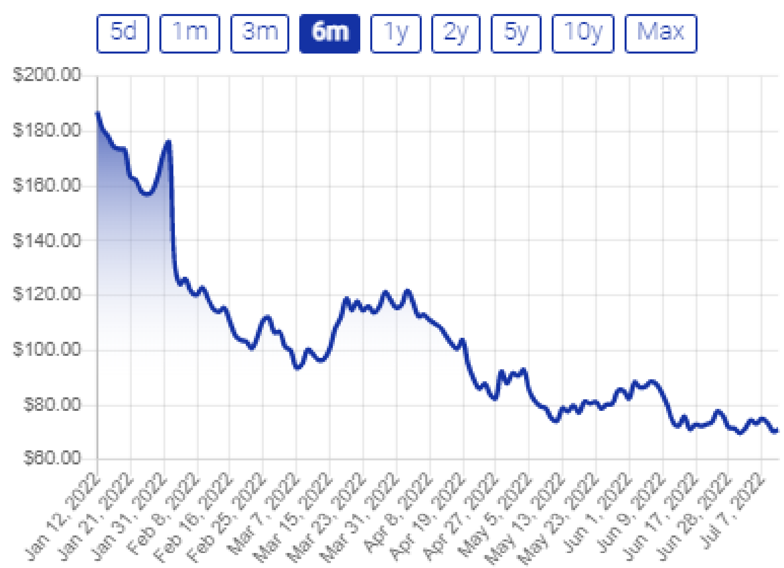
PFE $52.16 (-0.73) is a large-cap pharmaceutical company with roughly $50 billion in annual sales. The company is perhaps best known for its covid vaccine, but also has treatments for cancer, cardiovascular issues and more.

Thanks to its diversified line of products, PFE produces reliable profits. This consistency is attractive to investors in today's uncertain environment.

Shares trade for roughly 10 times next year's expected profits of $5.27 per share. PFE also pays a 3.0% dividend yield.

PFE is scheduled to report earnings on July 28.

PayPal Holdings Inc. (PYPL)



PYPL $71.85 (1.38) processes payments between individuals and for online merchants. The company had 426 million active accounts at the end of 2021. PYPL also owns the popular "Venmo" peer payment app.

Shares have pulled back dramatically from last year's high. A decline for cryptocurrencies has hit the overall payment market hard — especially companies that were expected to help consumers clear crypto transactions.

But at its lower price, PYPL now looks much more attractive.

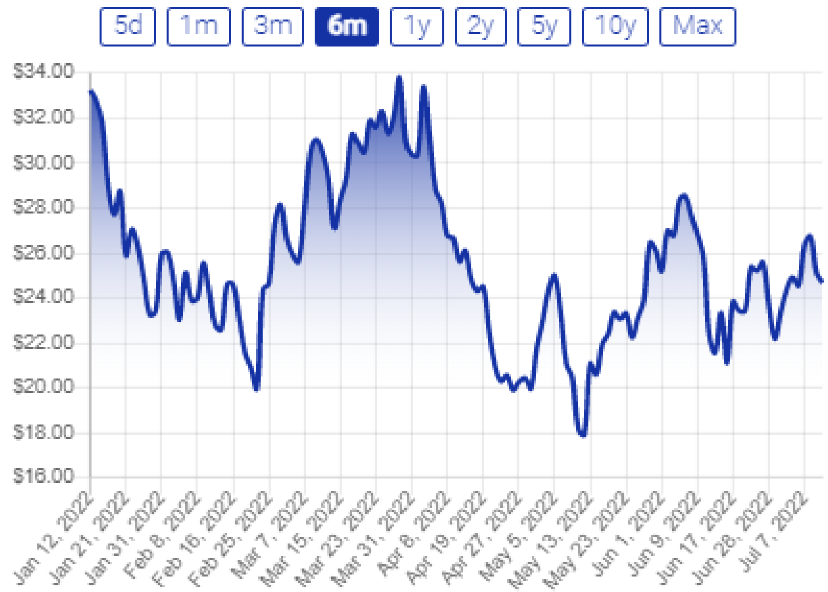
Wall Street expects the company to earn $4.82 per share next year and to continue growing profits for years to come.

Shares currently trade for a bit less than 15 times expected profits. That's attractive for a company with significant growth potential.

I expect shares to rebound in the second half of this year. PYPL is expected to report profits near July 28.

Shares currently trade for just over 7 times expected profits for next year.

Sunrun Inc. (RUN)



RUN $25.03 (-0.09) is a solar energy company that designs, develops, installs and maintains solar power systems.

Solar energy is one of the few areas that held up well in the first half of 2022. And with high oil and natural gas prices, solar energy continues to be an economically competitive source for energy.

RUN is one of the more speculative names on our income watch list. The company is not yet profitable which makes the stock vulnerable in today's more challenging market.

But investors want exposure to solar energy plays and RUN is one of the few pure play investment opportunities in this area. The stock should hold up well thanks to strength in the overall industry.

RUN is scheduled to report earnings on August 3.

Terex Corp (TEX)

TEX $28.63 (0.85) sells specialty construction equipment such as material handlers, cranes and concrete mixer trucks.

The company generates reliable profits mostly from non-residential construction projects and ongoing maintenance.

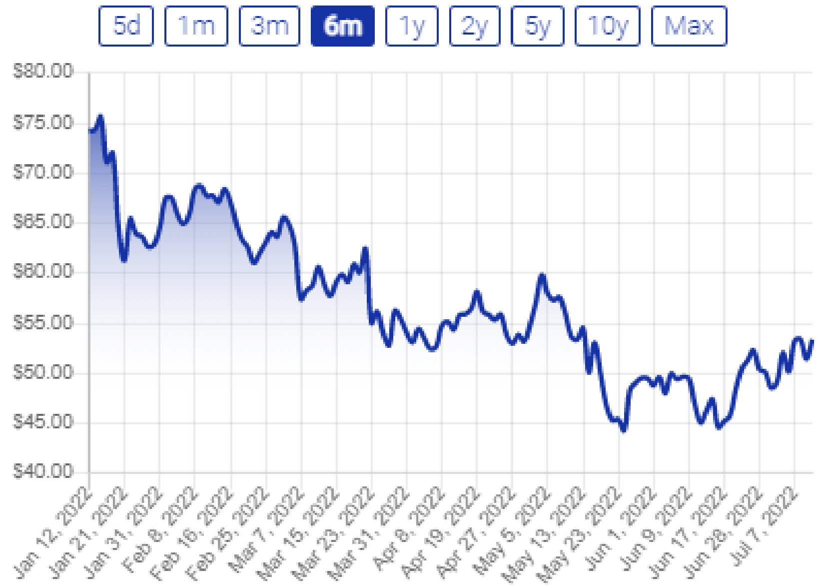
While a global recession could cause a pullback for TEX sales, a recession could also trigger new infrastructure projects authorized by governments to help boost economic growth.

TEX is expected to generate profits of $3.79 per share this year, and grow to $4.73 in 2023. Shares currently trade for just 7.5 times this year's expected profits — a deep value for a company that is actually in a growth period.

While the stock has been sliding alongside the broad bear market, I'm expecting TEX to rebound soon.

TEX is expected to report earnings near July 29.

Winnebago Industries (WGO)



WGO $53.31 (1.89) manufactures recreational vehicles (RVs) as well as other specialty vehicles and boats. The company also sells parts and accessories.

RVs became more popular during the Covid crisis, and that trend may continue. Meanwhile, strong employment has made it easier for some families to afford high-dollar items like new boats.

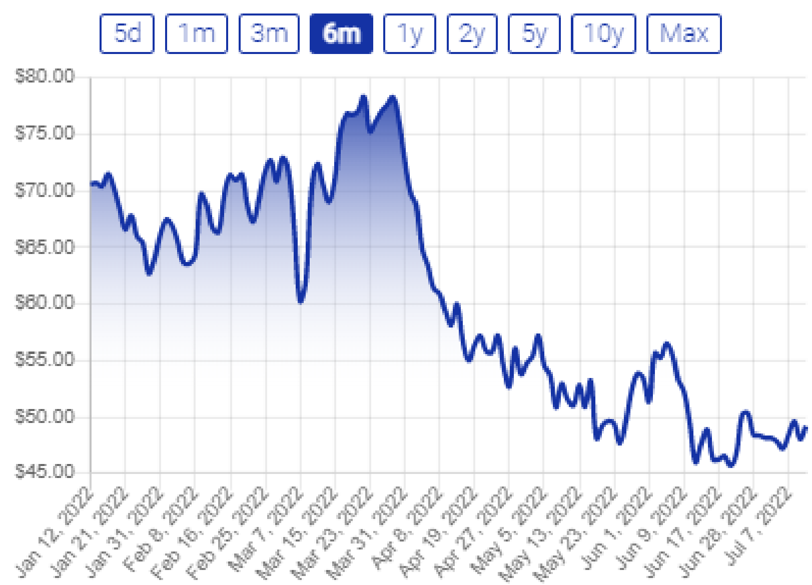
Shares of WGO have pulled back as investors worry about the increasing probability of a recession. But given WGO's strong profits, shares are now fundamentally cheap. Plus, the stock pays a 1.4% dividend yield.

WGO recently found support near $50 per share. And the stock currently trades for less than 6 times expected profits for next year.

This sets the stage for a rising stock price for the second half of 2022. Meanwhile, high option prices make this a good stock for generating income by selling put contracts.

WGO is expected to report earnings near October 20.

XPO Logistics Inc. (XPO)



XPO $50.16 (2.11) is a diversified trucking and logistics company.

The company plays an important role in helping to ease the supply chain bottlenecks that have been such a challenge for the global economy.

Inflation continues to push freight costs higher, which helps to boost profits for XPO.

The company is expected to earn $5.74 per share next year. And the company's long-term contracts and importance in the U.S. economy gives investors confidence that profits will continue for years to come.

Shares currently trade near 8.6 times expected profits for next year. That's an attractive valuation which should help to attract institutional investors.

XPO is expected to report profits around July 28.

YETI Holdings (YETI)

YETI $46.93 (1.15) manufactures premium products for outdoor and recreational enthusiasts. Popular products include coolers, beverage tumblers, and even pet bowls.

Retail stocks as a group have become more fractured with a number of high profile winners and losers. YETI is still in favor with customers and profits continue to grow.

The stock pulled back this year alongside the broad bear market. But shares now offer significant value.

YET is expected to earn $3.51 per share next year, representing 20% growth over this year's expected profits.

Meanwhile, the stock trades for just over 13 times next year's expected profits.

Shares found support near $40 earlier this year and now appear ready to trade higher as investors start to recognize the stock's inherent value.

YETI is expected to report earnings near August 5.

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