



SCHAEFFER'S WEEKLY MARKET RUN-DOWN

May 27, 2017

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Stocks Resume Up-Trend As VIX Collapses

5-Minute Market Run-Down for the Week Ending: May 26, 2017

Stocks resumed their uptrend, following last week's [volatile trading](#). While the Dow reclaimed its footing atop the round 21,000 mark, the S&P 500 Index (SPX) and Nasdaq Composite carved out new highs. And while volume slowed down ahead of the Memorial Day holiday, all three major market benchmarks are on track for impressive weekly gains. As the broader stock market stabilized, the CBOE Volatility Index (VIX) crumbled in the wake of the recent [volatility spike](#) -- falling back into single-digit territory for the first time in two weeks, though [SPY put options](#) appear to be pricing in another shocker.

OPEC Sends Energy Stocks on a Wild Ride

Energy stocks were in focus for much of the week, as traders priced in a supply cut extension from the Organization of the Petroleum Exporting Countries ([OPEC](#)) and other major oil producers. Ahead of Thursday's meeting, West Texas Intermediate crude futures climbed to their highest point in over a month.

While [OPEC](#) said it would maintain supply cuts for nine months, oil prices tumbled back below \$50 per barrel after the event, with many disappointed that steeper reductions in production were not announced. While one United States Oil Fund ([USO](#)) options trader is likely feeling the pain from oil's post-OPEC price action, put buyers may want to target these three names for short-term trades, considering they are on the list of [worst stocks to own](#) in short trading weeks.

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BA, LMT Stocks Get a Trump-Related Boost

Defense stocks were also on Wall Street's radar, with Monday's bullish price action helping to lift the broader stock market. Specifically, the sector rallied after President [Donald Trump](#) signed an arms agreement with several Middle Eastern nations, including Saudi Arabia.

Among those benefiting from the tailwinds were [Lockheed Martin](#) Corporation and [Raytheon](#), while [Boeing Co stock](#) hit a record high after signing its own deal with Saudi Arabia. Steel stocks also made waves this week, after Credit Suisse raised its rating on the sector, drilling down on several individual names. But while [U.S. Steel](#) managed to brush off Tuesday's bearish note after Credit Suisse's upbeat outlook, today's sharp decline has the stock paring most of its weekly gains.

FANG Stocks Help Send Nasdaq to New Highs

As the Nasdaq explored uncharted territory, several tech stocks had big weeks of their own. [Netflix stock](#) widened its year-to-date advance on positive analyst attention -- and has many traders seeking [portfolio protection](#) with put options. These fellow [FANG stocks](#) had a record-setting week, and bargain-hunting options buyers may want to take a closer look. [Tesla shares](#), meanwhile, are set to close the week up more than 3%, after one brokerage firm laid the path for the stock to reach \$500.

Cloud stock [Nutanix](#), meanwhile, is on pace for a 20% weekly gain, after one analyst called the shares "attractive" ahead of a post-earnings [bull gap](#). Shares of IT services firm Helios and Matheson Analytics gapped nearly 56% on Tuesday, thanks to some well-received M&A news and possible [short-covering](#). Smartphone maker BlackBerry had another monster week, too, sending [options volume](#) to new highs.

While this group of [Alibaba options traders](#) doubled their money on the tech stock's recent boom, there are still buying opportunities within the sector. For instance, these two [tech stocks](#) are on the verge of a possible breakout, while [call buyers](#) may want to take a closer look at Skyworks Solutions.

Biotechs Among Best Stocks to Own in Short Trading Weeks

There was plenty of action in the biotech sphere to hold Wall Street's attention. [Amgen shares](#) tumbled on a "clearly negative and very surprising" update on its osteoporosis treatment. [Alexion Pharmaceuticals stock](#), meanwhile, explored new lows, as an executive exodus sparked heavy trading. Going forward, bulls may want to keep their eye on these two biotechs -- some of the [best stocks to own](#) during a short trading

week -- while the stars may be aligning for [Vertex Pharmaceuticals](#) shares.

Retail Earnings Spark Volatile Trading

Retail earnings continued to command attention, too, with several stocks making volatile post-earnings moves. [AutoZone stock](#) tumbled to an annual low after earnings -- dragging one fellow [car parts retailer](#) with it. [Tiffany stock](#) also took a slide in the wake of the luxury retailer's quarterly results.

On the flip side, restructuring plans sent [Container Store](#) stock soaring, while upbeat earnings sent [Best Buy stock](#) to a record high. Strong earnings helped [Guess shares](#) brush off a bearish brokerage note, while this food stock also saw volatile trading following a "[conviction buy](#)" note at Goldman Sachs.

Jobs Data on Tap

Looking ahead, the U.S. stock market will be closed for trading on Monday in observance of Memorial Day. However, there are several retail and tech names set to report, including lululemon athletica and [Broadcom](#). Additionally, the last [jobs report](#) before the June Fed meeting will be released on Friday -- a day that could be brutal for [stocks](#), if history is any guide.

Saturday, May 27, 2017

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