



SCHAEFFER'S WEEKLY MARKET RUN-DOWN

September 9, 2017

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Fear Spikes As North Korea Tensions, Irma Anxiety Ramps Up

5-Minute Market Run-Down for the Week Ending Sept. 8, 2017

After closing higher for two straight weeks, U.S. [stock markets](#) slipped during the holiday-shortened week -- although this is par for the course for the S&P 500 Index (SPX) after [Labor Day](#). Traders returned from the long weekend to react to news of another [North Korea missile launch](#) -- with the potential for [another strike](#) this weekend -- while anxiety was also heightened by uncertainty surrounding Hurricane Irma. The [Category 4 storm](#) is expected to make landfall in Florida on Sunday --with [Hurricane Harvey](#) still fresh on traders' minds.

Irma Levels Insurance, Travel Stocks

In addition to the broader equities market, the anticipation surrounding Hurricane Irma took its toll on several sectors. Following last week's sell-off for [Dow Stock Travelers](#), several other [insurance stocks](#) took it on the chin, including HCI Group, Universal Insurance Holdings, and Heritage Insurance Holdings -- all of which have [heavy exposure to Florida](#). Several [restaurant stocks](#) also took a hit on expectations of shrinking sales, with Fiesta Restaurant shares sinking to multi-year lows.

The [travel sector](#) also stared down hurricane headwinds with several [cruise stocks](#) selling off, while [disappointing guidance](#) only added to United Continental's bad week. Elsewhere, online travel name Priceline -- which is historically the [worst stock to own in September](#) -- continued to struggle against newfound [technical resistance](#), due in part to sector peer [Trivago's really bad week](#).

Equifax Breach Lifts Cybersecurity Stocks

[Tech stocks](#) had a rough start to the week, attracting a rare batch of [put buyers](#) to Advanced Micro Devices' options pits. [Himax Technologies](#), meanwhile, erased some of its Qualcomm-inspired gains, and is on track to end the week in the red. Not all news was bad news, though, with [GoPro stock](#) taking an earnings-induced jump into double-digit territory. Plus, a [massive data breach at Equifax](#) had cybersecurity stocks like [FireEye](#) ending the week strong, while Goldman Sachs said to [buy these video game stocks](#).

Drug Data Boosts NewLink Genetics, Sarepta Therapeutics

It was another busy week for biotechs, with a regulatory win helping spark a record-setting surge for [Cellect Biotechnology](#) stock. [NewLink Genetics](#) also gapped higher -- more than doubling in value this week, and putting the squeeze on shorts -- on solid drug data, while Sarepta Therapeutics jumped on solid data for its second [Duchenne muscular dystrophy](#) (DMD) treatment. On the flip side, Alnylam Pharmaceuticals plunged following a [fatal end](#) to its clinical trial.

It Is An Attractive Time to Purchase Options Hedges

And even though [volatility spiked](#) this week -- with the CBOE Volatility Index (VIX) pacing toward a 23% weekly gain -- it is still an affordable time to [initiate options hedges](#) against broader stock-market uncertainties. While one trader appears to have taken heed and bought [out-of-the-money puts](#) on this large- and mid-cap global ETF, [big-money traders](#) have failed to hedge long positions on this favorite ETF trade. Drilling down, there are a number of specific equities with [cheap options](#), including several [big-cap defense stocks](#) and this [uptrending drink stock](#).

iPhone 8 Reveal, Inflation Data on Tap

Though earnings season is winding down, there is still plenty of upcoming [market-moving events to trade](#). All eyes will be on Apple next week, when the [iPhone 8](#) is revealed -- with one analyst targeting record highs ahead of the event.

Additionally, [bank stocks](#) and [gold prices](#) could continue to be in focus as [inflation data](#) hits ahead of the September 19-20 Fed meeting. No rate hike is expected this time around, while [dovish Fed talk](#) this week has some wondering if the central bank will hold off on raising rates until next year. However, despite this week's decline -- and September's historically bearish bias -- it may not be [the best time to sell stocks](#) just yet.

Saturday, September 9, 2017

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