Three of the Most Oversold Opportunities for July 2019

Fear had gotten way out of hand.

And, as we noted on May 29, 2019, it was time to trade like a wealthy billionaire like Sir John Templeton, Warren Buffett, and Baron Rothschild.

On May 29, 2019, we recommended the following trade ideas:

- Intel stock (INTC), as it traded at $44. It’s now up to $49.23. Hold
- Intel (INTC) Sept. 2019 44 calls, as it traded at $3. It’s now up to $5. Hold.
- Apple (AAPL) stock, as it traded at $176.55. It’s now up to $202.80. Hold.
- Apple (AAPL) Aug. 16, 2019 180 calls, as it traded at $8.80. Now up to $20.61.
- Deere (DE) stock, as it traded at $138.09. It’s now up to $168.50. Hold.
- Deere (DE) Sept. 2018 140 calls, as it traded at $9.30. Now up to $27.50. Hold.

Then, on June 12, 2019, we recommended even more oversold opportunities:

- Facebook (FB) stock, as it traded at $174.05. Now up to $193.
- FB July 19, 2019 175 calls, as they traded at $7.05. Now up to $18.85.
- AAPL September 20, 2019 200 calls at $8.05. Now up to $9.25.
- 3M (MMM) stock, as it traded at $169.55. Now at $173.34.
- MMM September 20, 2019 170 calls at $7.30. Now up to $8.95.

That’s not bad at all. Up to 100% success just by trading fear in May 2019 and June 2019.

Here are some of the most oversold opportunities for July 2019.

Let’s see if we can match the success of May 2019 and June 2019, shall we?

Opportunity No. 1 – Micron Technology (MU)

It appears the market overreacted with its concerns with MU. Not only did the company top lowered expectations, the company’s CEO, Sanjay Mehrotra said he expects “strong sequential growth” in the fourth quarter as inventory problems improve. “This reinforces our confidence that good demand for DRAM will return to healthy year-over-year growth in the second half of calendar 2019,” Mehrotra said. “NAND bit demand is also increasing in most markets as elasticity kicks in response to price declines over the last year.”
There are two ways to trade Micron.

One is to buy the MU stock at market prices. The other is to buy to open the MU September 20, 2019 45 calls at market prices.

**Opportunity No. 2 – DB Gold Double Short ETN (DZZ)**

DB Gold Double Short ETN (DZZ) offers 2X daily short leverage to the broad-based Deutsche Bank Liquid Commodity Index-Optimum Yield Gold, making it a powerful tool for investors with a bearish short-term outlook for gold futures. In our opinion, it’s a great way to trade very overbought gold prices.
At the moment, investors are piling into the safe haven of gold, sending the precious metal to a six-year high. It was all thanks to tensions with China, a more dovish Federal Reserve, and the latest “hard-hitting” sanctions on Iran after a U.S. drone was shot down. Remember, gold is a safe haven and a good store of value during times of a weaker dollar, slowing economic activity, and geo-tensions. Analysts have turned bullish on the metal, too. However, gold has become aggressively overbought. Right now, the metal is considerably overbought, which should not be ignored. In fact, since late May 2019, all gold has done is run higher in a straight line from $1,272 to a current price of $1,428. Despite the Fed, Iran, China, and economic headwinds, a correction is likely. Technically, if we were to look at the price of gold, we can easily see the over-extension at its upper Bollinger Band (2,20) with extensions on RSI, MACD, and W%R.

The best way to trade DZZ is by just buying the stock at market prices.

Opportunity No. 3 – Halliburton Co. (HAL)

At a 52-week low, HAL joins a good deal of ridiculously oversold oil stocks that still hold a good deal of long-term promise. At the moment, it’s trading at less than growth with a PEG ratio of 0.89. It’s also trading at just 0.82 of sales. Given time and plenty of patience with rebounding oil prices, we expect to see a sizable move higher in coming months, especially as tensions with Iran just begin to boil over with President Trump threats of “obliteration.”
Analysts at JP Morgan hold a favorable view of the stock, as well. “We continue to view HAL as relatively unique among our large cap stocks for its potential to create a step-change in FCF generation in 2020 through modestly higher profitability and measured capital spending,” notes the firm, which also reiterated its top pick status for HAL with a $34 price target.

There are a couple ways to trade HAL here, too.

One is to just buy the HAL stock at market prices. The other is to buy to open the HAL September 20, 2019 25 calls at market prices.