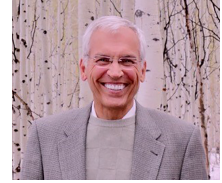




Billionaire \$tock Trader

You Don't Need To Be A Billionaire To Trade Like One



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Chairman

Sunday, March 24, 2024

SUMMARY

- **Stock Market:** Irrational Ebullience
- **Low Valuation Stocks:** OXY, JWN, ADM, KSS, XOM, CTRA, BTE
- **High Valuation Stocks:** PLNT, WING, BYND
- **Income Opportunities:** T-Bills
- **Put Options:** EQT

BILLIONAIRE UPDATE -

Billionaire Warren Buffett, who is always seeking undervalued stocks trading at less than their intrinsic value that have long term potential, is still mostly sitting on Berkshire Hathaway's (**BRK**) \$168 Billion cash pile.

Billionaire Jeff Yass, the normally low profile co-founder of Pennsylvania-based option trading firm Susquehanna International Group and known to be a major donor to U.S. politicians who have opposed restrictions on Tik Tok, finds himself centered in the very public controversy over Chinese ownership of Tik Tok. Susquehanna owns 15% of ByteDance, Tik Tok's Chinese parent company.

MARKET VIEW -

Stocks. Stock markets ran to new record highs on last week's rally after Chairman Powell's Fed report. Retail investors' enthusiasm continues to drive stock prices higher than fundamentally justified.

- Most of the stock market's gains since 2007 have come from a manipulated illusion where ...
- Companies borrow money at artificially low interest rates to pay for stock buybacks that reduce the outstanding share count . . .
 - Which increases earnings per share (even if earnings do not increase) . . .
 - Which creates perceived growth . . .
 - Which causes investors to drive valuation multiples higher . . .
 - With the resulting higher stock price typically enriching management option programs while leaving the company with much higher debt.

Economy. Luxury goods are now in actual recession. As we've previously noted, demand for luxury watches and for Mercedes S-class luxury cars are both in sharp declines. Last Wednesday, French luxury goods public company Kering (**KER.PA**) announced a profit warning expecting its **Gucci sales for Q1 to drop 20%** year-over-year, primarily because of lower demand from Asia.

Interest Rates. The Bank of Japan raised its interest rate for the first time in 17 years, from negative -0.1% to positive +0.05%. The U.S. Fed did not raise rates at its meeting last week, but Chairman Powell's posturing fueled a big stock market rally based on the hope for multiple rate cuts later in the year.

Inflation. The Federal Government's massive deficit spending, which is the inflation driver, is set to continue at record levels.

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LOW VALUATION STOCKS -

UPDATE: OCCIDENTAL PETROLEUM (OXY) - Gains Up To 14% In Seven Weeks Value Buy Below \$57 A Sell Above \$65

OXY closed Friday at \$63.81.

From November 2023 through February 2024, we kept highlighting OXY as a "Value Buy Below \$57". It last dipped below \$57 from January 8th through February 15th, dropping as low as \$56.07 on February 5th.

OXY rose to a high since then of \$64.30 on March 21st, last Thursday. With OXY that close to our Sell Target and with gains up to 14% in 7 weeks, cautious Subscribers may want to consider selling early and trying to buy back at a lower price later.

OXY's valuation is now mixed - Price/Sales is still relatively low at 2.2x, but Price/Earnings at 16x is no longer a great bargain.



UPDATE: NORDSTROM, INC. (JWN) - Gains Up To 20% In Two Weeks Value Buy Below \$17.50 Short-Term Target \$20.00 Achieved

JWN closed Friday at \$19.04.

JWN fell below our previous \$18 Value Buy Trigger to \$16.86 on March 8th after the company's 2024 guidance did not meet analysts' expectations.

The guidance earnings number of \$2.00/share, though, meant a bargain 9x Price/Earnings valuation for JWN at \$18.00/share, so it looked to us like an opportunity worth considering, and we said so.



Last week, JWN jumped to \$20.25, achieving our Price Target and giving Subscribers gains up to 20% in 2 weeks, on new excitement after reports that the Nordstrom founding family is trying again to take the company private. Back in 2017, some Nordstrom family members tried to buy out the company at \$50/share, but the deal did not happen, supposedly because of inability to find financing.

UPDATE: ARCHER-DANIELS-MIDLAND (ADM) - Up 21% In Seven Weeks A Value Buy Below \$52.50 A Sell At \$68.00

ADM closed Friday at \$62.00.

We highlighted ADM as a Value Buy in our January 28th issue at \$52.05 after it had dropped 24% upon delaying its Q4 report due to an SEC inquiry about accounting. And, we said, "ADM will regain its lost value quickly after its delayed results are reported."

That did happen last week, as ADM jumped to \$63.09, up 21% in 7 weeks, after its delayed Q4 report showed no material financial impact from the SEC inquiry and announced an accelerated buyback plan for \$1 Billion of stock.



ADM reported: - Earnings down to \$1.06/share - Expected 2024 earnings at \$5.25-\$6.25/share.

The stock is still a reasonable bargain at an 11.7x Forward Price/Earnings valuation.

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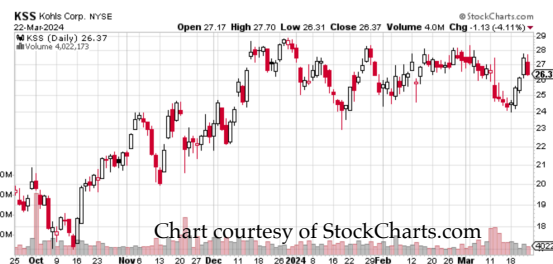
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UPDATE: KOHL'S CORPORATION (KSS) - Gains Up To 14% In One Week
A Value Buy Below \$25 **A Sell Above \$28**
 KSS closed Friday at \$26.37.

KSS fell to \$24.58 on March 15th on its Q4 report, tripping our Buy Trigger, and then fell to \$24.22 on March 19th.

Based on Kohl's stated expectation of 2024 earnings at \$2.10-\$2.70 / share, we said:
"KSS's 10x Price/Earnings valuation is a bargain."

KSS rallied to \$27.76 last Thursday, giving Subscribers **gains up to 14% in 1 week.**



UPDATE: EXXON MOBIL CORP. (XOM) - Gains Up To 18% In Eight Weeks
A Value Buy Below \$99.50 **Price Target \$114**
 XOM closed Friday at \$113.49.

Exxon has a market cap of \$409 Billion and annual revenue of \$410 Billion. It has a solid balance sheet with \$195 Billion of Tangible Book Value. Q4 earnings were down year-over-year, but strong at \$1.91 / share.

Our January 7th issue highlighted XOM as a Value Buy Below \$99.50, and it fell to \$95.77 on January 22nd. It then moved up steadily to a \$113.91 high last week on March 21st, essentially achieving our Price Target and giving Subscribers **gains up to 18% in 8 weeks.**



Valuation is still attractive at 12x Price/Earnings and 1.4x Price/Sales, and it pays a 3.4% annual dividend.

UPDATE: COTERRA ENERGY (CTRA) - Gains Up To 16% In Seven Weeks
A Value Buy Below \$24.70 **A Sell At \$28.50**
 CTRA closed Friday at \$27.29.

CTRA fell below our Value Buy Trigger again on February 1st and down to a \$23.73 low on February 14th. Last week, it traded to a \$27.57 high, giving Subscribers **gains up to 16% in 7 weeks.**

Coterra is a major Houston-based natural gas producer with a \$20 Billion market cap. **CTRA's valuation is still attractive at 1.5x Price/Book and 10.9x Price/Earnings.**



UPDATE: BAYTEX ENERGY CORP. (BTE) - Gains Up To 20% In Nine Weeks
Value Buy Below \$3.10 **Target Price \$4.20**
 BTE closed Friday at \$3.48.

BTE fell below our \$3.10 Value Buy Trigger again on January 16th, and down to a low of \$2.94 on January 19th. Last week, it hit a high of \$3.59, giving Subscribers **gains up to 20% in 9 weeks.**

Baytex is a Canadian oil & gas producer with a market cap of \$2.9 Billion. **BTE's valuation is a bargain at 1.0 Price/Sales and 6.9x Price/Earnings going forward.**



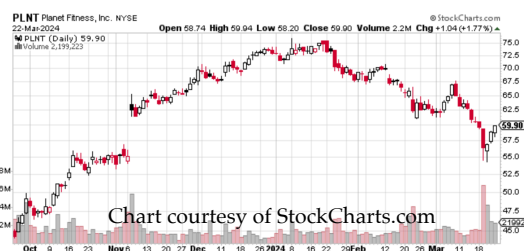
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HIGH VALUATION STOCKS -

PLANET FITNESS, INC. (PLNT) - Down 21% In Eight Weeks - Still Too High Valuation Decline Target \$57.50 Achieved A Sell Above \$75 PLNT closed Friday at \$59.90.

Our January 28th issue highlighted PLNT as at "Too High Valuation", when it was \$68.99/share, and set a Decline Target of \$57.50. Last week, PLNT fell to a low of \$54.35, **down 21% in 8 weeks** and achieving our Decline Target, aided by a consumer boycott over restroom gender issues.



Planet Fitness did manage to grow its same-store-sales by 8.7% in 2023 and did reach a total membership of 18.7 million. Market cap is now \$5.2 Billion.

But, **valuation for PLNT is still too high at 4.8x Price/Sales and 37x Price/Earnings**, particularly for the fitness business where we think it is very difficult to build a sustainable competitive advantage.

UPDATE: WINGSTOP INC. (WING) - Short Sale Gains Up To 13% In Four Weeks Price Decline Target \$210 A Sell Above \$360 WING closed Friday at \$356.30.

WING rose above our previous \$330 Sell Trigger on February 22nd, went to \$375.32 on March 4th, and then pulled back following its Q4 report to as low as \$324.99 last week, giving all shorts above \$330 a chance for profitable covering **with gains up to 13% in 4 weeks**.



Wingstop's Q4 earnings showed 24.5% sales growth, but profits grew only 4.9% to \$0.64/share.

Slowing growth is the metric that usually stops the high-fliers from ascending further.

WING is extremely overvalued at 23x Price/Sales and 150x Price/Earnings.

Such valuations are far too high to pay for 24.5% sales growth. The stock will likely fall more.

UPDATE: BEYOND MEAT (BYND) - Down 24% In Two Weeks Decline Target \$8 Achieved A Sell or Short Sale Above \$10 BYND closed Friday at \$7.90.

BYND jumped to a \$12.12 high on February 28th after its Q4 earnings report showed weak results with a loss of \$2.40/share and a revenue drop of 8%. But, management's hopeful talk about 2024 cost reduction excited traders and ignited a short covering rally.



Our March 3rd issue, when it was \$9.77/share, said, "We believe the current rally will be temporary".

We turned out to be right, as **BYND fell 24% in 2 weeks** since then to a \$7.40 low last Tuesday after announcing an offering of up to \$250 million of new shares (which will dilute current shareholders).

BYND's 2.8x Price/Sales valuation is not ultra high, but Beyond Meat is overvalued because it is not showing profits and is **projected to lose \$2.50/share in the coming year**. We have been negative on BYND since we highlighted it in our May 30, 2021 issue as a short sale candidate above \$150/share and forecast then that it would drop below \$10/share, which has happened.

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INCOME OPPORTUNITIES -

UPDATE: T-BILLS - Ultimate Safety of 5.3% Yield with Zero State Income Tax

Annualized yields on U.S. T-Bills are available at 5.3% and are a great alternative for cash.

For California taxpayers, the 5.3% return from T-Bills with no state tax provides the same after-tax return as another investment yielding 5.9% of state-taxable income.

UPDATE: INCOME STOCK HIGHLIGHTS FOR DOUBLE-DIGIT RETURN POTENTIAL

The table below updates current information for our candidate Income Stocks.

None of them, though, are now at a compelling value buy point.

But, for anyone wanting to continue to hold these stocks, now seems a particularly good time to sell covered calls to achieve **double-digit yield** potential as shown in the table:

COMPANY	SYMBOL	Price/Share (\$)	Mkt. Cap (\$Billions)	Price/Earnings	Dividend (%)	12 Mo. Call Prem. (%)	Total 1-Yr. Potential (%)
Verizon	VZ	40.37	170	14.7x	6.6	8.7	15.3
AT&T	T	16.98	123	8.6x	6.5	8.0	14.5
Energy Transfer Ptr.	ET	15.56	52	14.3x	8.1	5.7	13.8
MPLX LP	MPLX	40.57	41	10.7x	8.4	3.7	12.1
Enterprise Products Ptr.	EPD	28.86	63	11.4x	7.0	4.8	11.8

FOR OUR OPTION TRADER SUBSCRIBERS -

SELLING CASH SECURED PUTS.

Any Subscribers not familiar with selling put options may want to learn more about this wealth-building Billionaire method that makes \$Millions for **Billionaire Warren Buffett** and **can be used by anyone**.

Given that one should **only sell puts on stocks that one really wants to own if the put is assigned**, and given that a general market decline seems to be ahead, utmost caution should be exercised currently in the selling of any puts. Profitable put selling is more difficult in declining markets.

With stock markets at the highest valuations in history, and with **all the terrific recent gains in our LOW VALUATION STOCKS (see Pages 2 and 3)**, we don't see many potential put selling opportunities that offer compelling value with low risk at this time.

Perhaps the best current value in the market is EQT Corporation (**EQT**), the leading U.S. producer of natural gas, which is currently in a down cycle and should be bottoming soon. We've cited **EQT** as a Value Buy Below \$33 (see Page 2 of our March 17th issue), but it may bottom a little higher between \$33 and \$34.

Anyone interested in buying **EQT** below \$34.00 may want to consider selling puts.

PUTS TO CONSIDER SELLING - EQT Corporation (EQT) - 39% Annualized Return

Selling the **EQT** March 28th \$34 put at Friday's \$0.26 bid would either provide a return of \$26 on \$3,400 - 0.76% return in 1 week - 39% annualized - or cause the seller to buy 100 shares at a net price of \$33.74.

Until next time, stay informed and stay safe.

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