



Living on Autopilot

Many people go through life on autopilot. They wake up at the same time every day. They eat the same food for breakfast.

They drive to work at the same time. They pop by the water cooler at similar intervals during the day.

They take lunch at the same time.

They drive home from work at the same time each day.

They eat dinner at the same time.

They go to bed at the same time each day.

Then they do all of that all over again.

Day after day.

Of course, this is perfectly understandable. People develop routines. There's nothing wrong with that.

However, last week I mentioned that I had not experienced much food inflation this year while I read many articles about families under tremendous pressure to afford groceries.

Recently, food inflation set records since data has been tracked back to 1940.

There's no doubt there's a lot of pain being felt by families across the U.S.

Because people are in a routine and live on autopilot, they likely have a routine when they go to the grocery store too.

Retailers know precisely what those routines are.

Retailers are loaded with real-time data.



Joel Griffith @joelgriffith · 6h

It's a record hot streak for food inflation! For the first time in records dating back to the 1940s, monthly food costs have risen **MORE** than 0.7% for 8 consecutive months. Yet, Biden claims inflation of "just an inch" in August.



Routines are a factor in picking the pockets of everyday Americans.

If you buy the same items each week, you're going to get hosed by the food companies.

This is particularly true if you shop the inside aisles. This is where the cereals are. It's where you buy chips. Coca-Cola is sold there.

Stuff in a box.

Anything with more than one ingredient and in a package of some type. *It may cost more to manufacture the box than the food product in the box.*

You find that the box gets smaller, and the price stays the same. The box gets smaller, and the price goes up. Or the price goes up.

It's all inflationary.

Many branded products rarely go on sale.

My grocery store strategy is quite a bit different. I shop on the **outside** aisles. This is where the fresh food is. There's only one ingredient in a tomato.

There's also no box.

Each week there are ***a lot*** of products on sale. Of course, the grocery store needs to move perishable items.

Fruity Pebbles, on the other hand, never seem to go bad.

Knowing how to cook fresh food is one of the best skill sets you can develop to improve your health, quality of life, and financial well-being.

I started cooking in 2008. I did it for reasons many men do things. To impress women. I lived in Dallas, TX, the Center of the Universe for steaks.

My theory was that if I could cook a steak better than the best steakhouses, I could impress women.

So I set out to cook a kick-ass steak.

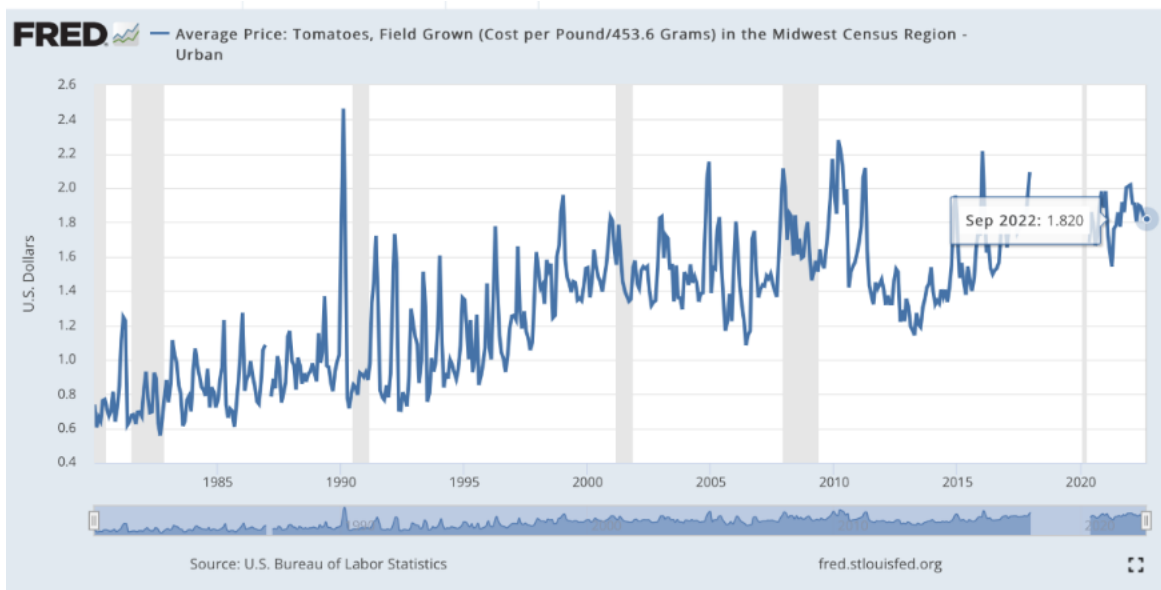
My theory was correct. It worked like a charm.

Today, I have close to four dozen restaurant-quality meals I can whip up at home. Tasty does not need to be complex.

The benefit of my cooking repertoire is that when I go to the store, I can prepare a meal based on whatever fresh food is marked down.

I carry my phone, and I can quickly look up a recipe when I see something interesting.

Not only have tomatoes been cheap recently, but avocados have been cut in half. Last week I bought an Angus ribeye for half price. The steak was cut that day. The grocery store still needed to move it.



Strawberries were recently the lowest price I have seen in years.

Scallops were marked down by 60%.

The dry-packed ones too.

When scallops are 60% off, guess what's for dinner?

Commodities go up.

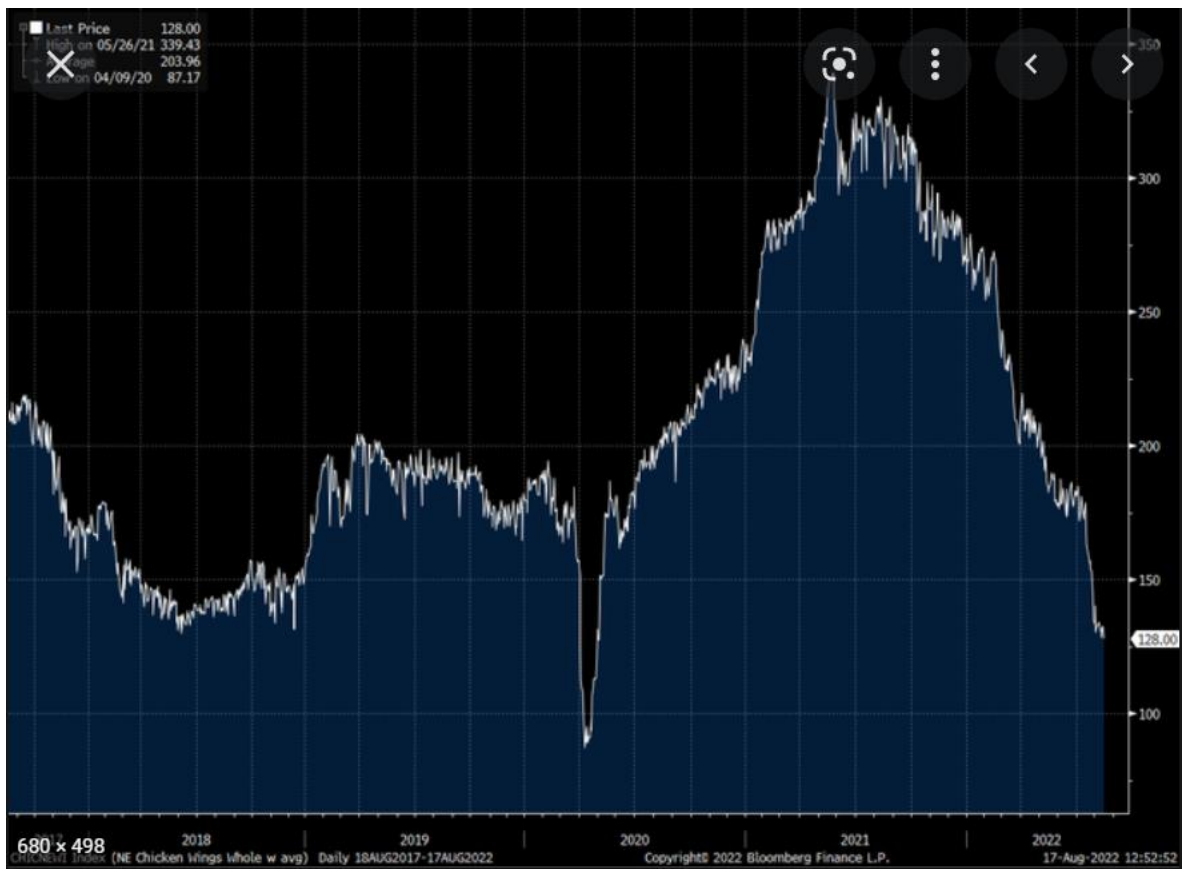
Commodities go down too.

There are **strong** substitution effects in commodities. When steak gets too expensive, shift to pork.

In August 2022, chicken wings crashed back to pre-pandemic levels as shown in the next chart.

The rapid rise in chicken wing prices wreaked havoc on the restaurant market.

Many restaurants were forced to raise prices, offer fewer wings for the same price, or cut them from the menu altogether.



You might not notice a price decline if you go to a restaurant. That's because other costs, such as labor, rent, and energy, have surged.

If you cook the wings at home, they cost about the same as they did four years ago.

I shop the interior aisles for only a few items. Pasta, rice, canned tomatoes for Sunday sauce, dried spices, condiments like mustard, and club soda.

That's about it.

I am also extremely fortunate to live near many farms.

I buy farm fresh pasture-raised eggs.

Historically, they have been more expensive than grocery store eggs (but the two or not comparable).

As store eggs have skyrocketed in price, I am still paying the same for farm-fresh eggs.

The gap has narrowed.

Although, this week, the grocery store had pasture-raised eggs on sale for a lower price than nearly all other types of eggs.

The same goes for meat from the farm.

These farms have been operating for many generations. They go back to the 1800s in many cases. The farmers have seen depression, recession, inflation, deflation, and more than one pandemic.

They have seen it all.

I suspect they kept prices under control for the benefit of the locals.

Even if they take a bit of a financial hit now, they must know they can survive through many cycles.

Even if you cannot buy fresh farm food, take a look around the perimeter of the grocery store and **notice all the items on sale**.

Variety is the spice of life.

If you're able to vary your purchases, your pocketbook will be happy!

The *Risk-O-Meter* moved into the "green" zone this week.

However, the market is exceptionally overbought on many levels.

Indicators are stretched to the upside.

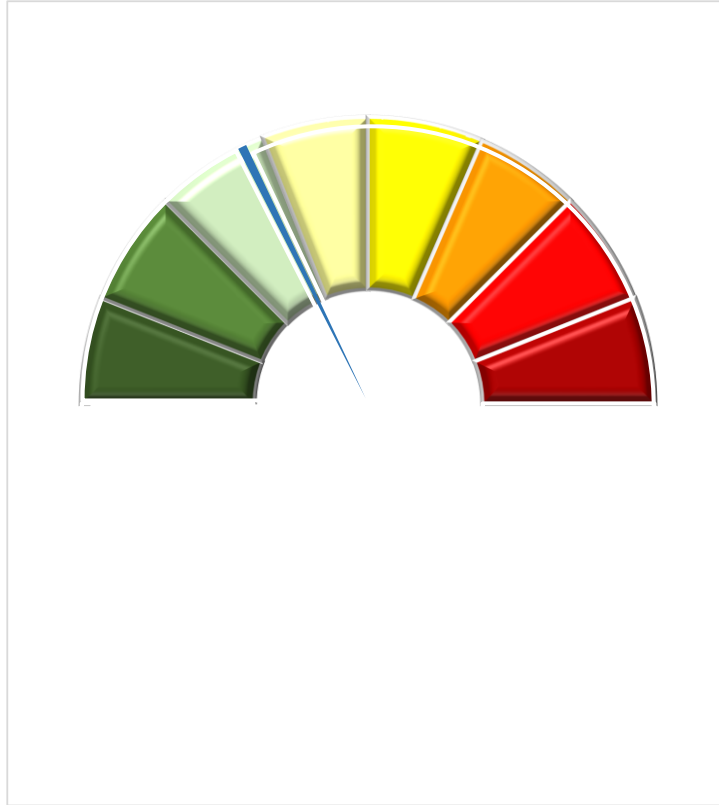
The market rallied sharply in October off those deeply oversold levels, as I suggested might happen.

While risks have lessened, I will wait for oversold conditions to add market exposure in my taxable account.

When the market is this overbought, a pullback is needed.

In addition, the volume of the rallies of many stocks has been light.

This suggests waning institutional support.



I am sharing a few of my favorite YouTube cooking channels to supplement the idea of cooking fresh food.

I do not watch T.V. I have a big T.V. in the T.V. room because it would look kinda stupid not to have a T.V. in the T.V. room. But the T.V. is not hooked up to anything.

In my free time, I do enjoy watching YouTube cooking channels. Here are a few of my favorites.

Not Another Cooking Show – This channel is run by a young man named Stephen Casuto, who ran a food truck in NYC selling sophisticated grilled cheese sandwiches. He makes the four main Roman pasta dishes authentically (there's a difference between Italian food and Italian American food). They are easy to make, inexpensive, and tasty. He has a variety of simple recipes.

Osararecipes – An older Italian man runs this channel from the Orsara region of Italy named Pasquale Schirripa. He was a chef and now lives in New Jersey. He cooks classic Italian food as well as Italian American dishes.

Recipe 30 – A French chef runs this channel in Australia named Joel Mielle. I'm unsure if the "30" in the channel's title refers to 30 minutes, but many recipes can be made quickly. Chef Mielle's Steak Charlamagne is a fabulous dish if you have extra time on your hands. It's a steak topped with red wine braised mushrooms and whipped

béarnaise sauce and put under the broiler for a couple of minutes to crisp the sauce slightly. I get rave reviews every time I make it.

Chef Jean Pierre – This channel is run by a chef named John Pierre who ran a successful restaurant and cooking school in Florida. The pandemic forced the school to close, and he started cooking on YouTube. He's half French and half Italian, although he makes a variety of dishes.

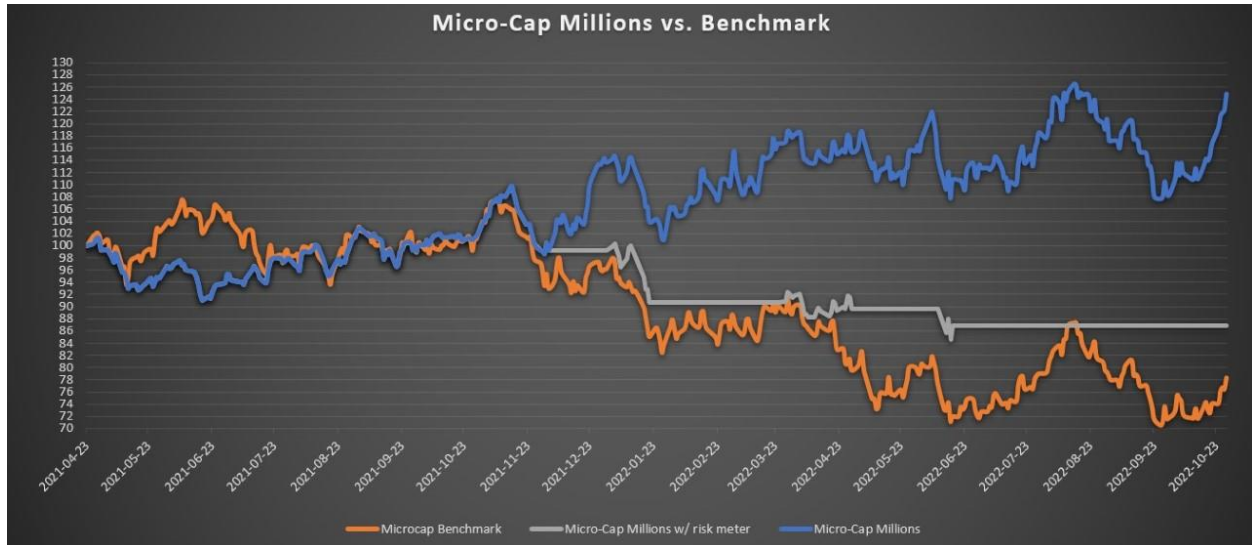
The French Cooking Academy – This channel is run by a French man named Stephane, who lives in Australia. The recipes are classic French dishes made simply for easy home cooking. Shallow poached fish, which is awesome, takes me about seven minutes to make. The entire meal is ready in less than 15 minutes.

These channels reflect one of my biases: I prefer to cook on the stovetop. I do not care much for baking. I only bake four dishes I can think of and do not bake desserts.

Typically, a couple of pans on the stovetop is all you need. Many dishes come together quickly. My cooking is similar to that of a bistro.

Check these channels out if you have an interest in cooking!

Micro-Cap Millions



There is one trade this week.

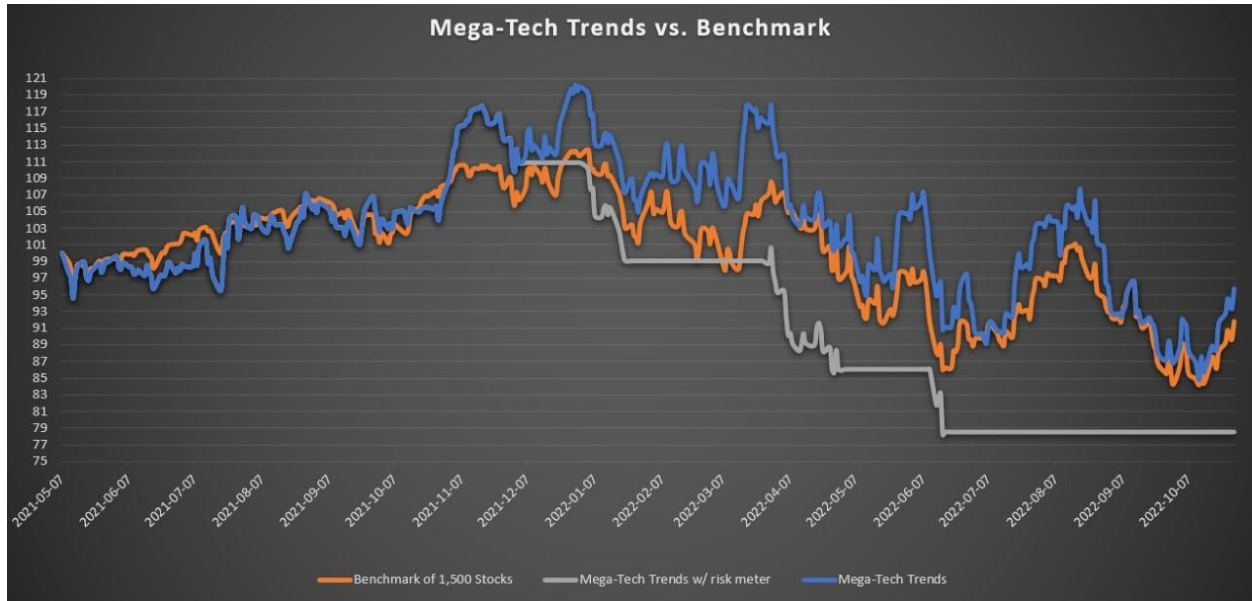
Buy Upland Software, Inc. (Nasdaq: UPLD)

Sell Utah Medical Products, Inc. (Nasdaq: UTMD)

Here is the current portfolio:

Ticker	Name	Return	Days Held	Sector
AVNW	Aviat Networks, Inc.	17.17%	18	Technology
BELFB	Bel Fuse, Inc.	24.89%	67	Technology
CTG	Computer Task Group, Inc.	-16.24%	144	Technology
EDAP	EDAP TMS SA	8.77%	52	Healthcare
HCKT	The Hackett Group, Inc.	3.20%	221	Technology
MRAM	Everspin Technologies, Inc.	-10.55%	52	Technology
PCTI	PCTEL, Inc.	-1.04%	74	Technology
PERI	Perion Network Ltd.	32.84%	102	Technology
UPLD	Upland Software, Inc.	0.00%	NEW	Technology
WSTG	Wayside Technology Group, Inc.	-17.04%	158	Technology

Mega-Tech Trends



There are three trades this week.

Buy Benchmark Electronics, Inc. (NYSE: BHE), Cohu, Inc. (Nasdaq: COHU), and Extreme Networks, Inc. (Nasdaq: EXTR)

Sell Cirrus Logic, Inc. (Nasdaq: CRUS) and PC Connection, Inc. (Nasdaq: CNXN)

The three buys and two sells return the portfolio to ten stocks. Here is the current portfolio:

Ticker	Name	Return	Days Held	Sector
AMKR	Amkor Technology, Inc.	-8.17%	81	Technology
BHE	Benchmark Electronics, Inc.	0.00%	NEW	Technology
CDW	CDW Corp.	8.11%	32	Technology
COHU	Cohu, Inc.	0.00%	NEW	Technology
EXTR	Extreme Networks, Inc.	0.00%	NEW	Technology
JBL	Jabil, Inc.	10.13%	88	Technology
NTAP	NetApp, Inc.	5.79%	4	Technology
PLAB	Photronics, Inc.	6.19%	18	Technology
SANM	Sanmina Corp.	14.71%	81	Technology
TTMI	TTM Technologies, Inc.	-7.42%	74	Technology

Large Cap Leaders



There are three trades this week.

Buy Cadence Design (Nasdaq: CDNS), EPAM Systems, Inc. (NYSE: EPAM), and KLA Corp. (Nasdaq: KLAC)

Sell Apple, In. (Nasdaq: AAPL), Monolithic Power (Nasdaq: MPWR), and West Pharma (NYSE: WST)

Here is the current portfolio:

Ticker	Name	Return	Days Held	Sector
ADI	Analog Devices, Inc.	3.98%	25	Technology
ADSK	Autodesk, Inc.	7.45%	4	Technology
APH	Amphenol Corp.	-2.96%	263	Technology
AVGO	Broadcom, Inc.	5.15%	4	Technology
CDNS	Cadence Design Systems, Inc.	0.00%	NEW	Technology
CDW	CDW Corp.	1.20%	39	Technology
EPAM	EPAM Systems, Inc.	0.00%	NEW	Technology
KLAC	KLA Corp.	0.00%	NEW	Technology
NTAP	NetApp, Inc.	5.02%	18	Technology
SNPS	Synopsys, Inc.	-18.50%	67	Technology

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