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The Smart Option Seller

Let's Grab That Cash!



Issue #1082 February 2, 2024 - By Lee Lowell

Quick Update

Hello Smart Option Sellers,

Quick housekeeping note:

I've been getting messages from my email server that my responses to some of your email questions are being returned to me undeliverable. I'm trying to find out if it's on my end or your end.

In the meantime, if you've sent me an email and haven't heard back from me, please check your spam folder.

Also, I'm trying to send replies to your questions from a back-up Gmail account of mine, so if you receive something from me from a Gmail address, don't worry, it's legit.

Bristol Myers Squibb (BMY)

We currently have a put-sell position on the Bristol Myers BMY March 15, 2024 \$42 put option that might need attention.

They release their quarterly earnings before the opening bell tomorrow.

I was hoping that we'd be out of the position before tomorrow, but the stock hasn't moved in the right direction for us to do that.

So....that leaves us with a few decisions to make.

Choice #1 - currently, the position is slightly in the green by a few pennies. So if we wanted to close the trade, we'd make enough to cover the cost of commissions. Nothing wrong with doing that.

Choice #2 - we hold the trade as-is and hope earnings isn't a disaster. BMY is one of the best pharma stocks in the world, and if we end up buying shares, it could make for a nice long-term hold.

Choice #3 - we roll the trade now to a lower strike in a further-out expiration date. We could do this, but it still leaves us open to a drop in the stock price.

Choice #4 - we could buy a really cheap put option at a higher strike that expires tomorrow. This would protect us for any adverse moves lower in the stock, and we could potentially get out with bigger profits.

Let me show you two different charts of BMY on different time frames that could possibly help you make the most informed decision.

Here is the current daily chart of BMY, which looks like it could fall off a cliff:



And here is the monthly chart of BMY:



Two different perspectives can yield two different ideas on how to handle.

BMJ can certainly have a hard bounce right here right now, and start trekking higher again. Heck, it's fallen all the way from \$80 in a short period of time. That's the long-term view.

On the daily chart, it looks like it could fall below \$48. Do we want that mental anguish and have to sweat it out?

Is BMJ a potential stock you'd be okay holding if assigned? It's not some fly-by-night no-name.

So, here's the official plan:

We're going to hold the position through earnings tomorrow and see what happens.

If the stock does drop, we can look at trying to roll out the trade then.

If you go with that plan, you can also make a cheap play to protect yourself.

Optional: look to **BUY** the BMY February 2, 2024 \$45 put option contract for \$.10 per contract (give or take a penny or two).

Since the February \$45 put is a higher strike than our March \$42 strike, it would make money extremely quicker & bigger than what we could lose on the \$42 put. If that happens, both trades could be closed out tomorrow for good gains. But it'll be very dependent on what BMY stock does. If BMY doesn't fall below \$45 tomorrow, it will be a lost \$10 per contract.

Outside of those possibilities, you could easily just buy back the March put today, grab your small profit, and be done with it.

You make the call.

Officially, like I said, we're going to hold.

Any decision you make has to be done by market close today. If you have any questions, please send to me. Remember, I can't offer personalized advice, so I'll probably tell you the same things as I've outlined above.

Ok, that's all for now.

Continue to hold all other positions as-is.

Contact us [here](#) with fills, comments, questions or concerns.

Best,

Lee

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Current Portfolio

Continue to work all other trades as instructed and continue to hold all other open positions as-is.

See the Current Portfolio below for current prices & instructions.

Note on the Current Portfolio - if you are a new subscriber and don't have a position yet on any of our trades, make sure you enter your order at the original recommended prices. The Current Instructions column gives the most recent updates. If you are unsure or have any questions, please ask us!

Smart Option Seller Portfolio

<u>Put-Sell Option Positions</u>	<u>Entry Date</u>	<u>Entry Sell Price</u>	<u>Current Price</u>	<u>Current Instructions</u>
CVS Feb 16, '24 \$60 P	12/11/2023	\$.25/contract	\$0.05	Closed. BTC for \$.06 per contract See instructions from 1/12/24 Alert
BMY Mar 15, '24 \$42 P	12/22/2023	\$.26/contract	\$0.16	STO for \$.25 per contract or higher See instructions from 12/22/23 Alert
MU Mar 15, '24 \$62.50 P	1/3/2024	\$.26/contract	\$0.08	Closed. BTC for \$.07 per contract See instructions from 1/30/24 Alert
SCHW Apr 19, '24 \$50 P	1/24/2024	\$.29/contract	\$0.31	STO for \$.25 per contract or higher See instructions from 1/24/24 Alert
<u>Unofficial Position</u>				
CVS Feb 16, '24 \$72.50 P	12/11/2023	Various	\$0.94	See instructions from 12/11/23 Alert
CVS Feb 16, '24 \$75 P	12/11/2023	Various	\$1.93	See instructions from 12/11/23 Alert
BMY Mar 15, '24 \$52.50 P	12/22/2023	Various	\$3.65	See instructions from 12/22/23 Alert
MU Mar 15, '24 \$80 P	1/3/2024	Various	\$1.55	See instructions from 1/3/24 Alert
SCHW Apr 19, '24 \$65 P	1/24/2024	Various	\$3.90	See instructions from 1/24/24 Alert
<u>Legend</u>				
STO = Sell-To-Open/Sold-To-Open				
BTC = Buy-To-Close/Bought-To-Close				
BTO = Buy-To-Open Bought-To-Open				