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# The Smart Option Seller

Let's Grab That Cash!



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Issue #1078 January 24, 2024 - By Lee Lowell

## New Trade!

Hello Smart Option Sellers,

The stock indexes continue to make all-time new highs.

That's great news for those of us who own stocks for the long-term, and for various other bullish positions - hint, hint, selling put options!

But the rally can be a little deceiving as not every stock is participating.

It's still being driven by a handful of big tech names, and any others that are following, might be doing so begrudgingly, not that I mind though.

Anyway, I still feel overall that the market will continue on its bullish ascent.

And with that, I have a new trade for everyone.

**Charles Schwab Corp (SCHW)**

A familiar name to us as we just exited two profitable trades back in October & December.

So it's time to jump back in.

For those that don't know, SCHW is one of the biggest, if not the biggest, retail brokerage for all sizes of traders.

And it also offers banking & financial management services. An all-in-one, if you will.

I personally use Schwab as one of my brokers, so I believe in the company.

From late October to late December, SCHW went on a nice \$20 run higher from \$50 to \$70, and has since pulled back a bit to \$64, and nearing support levels.

They recently announced earnings and the market wasn't all that thrilled with their numbers. It dropped to about \$60 before rallying back to its current price of \$64.

Usually a week or two after any earnings announcement (good or bad), the stock price seems to settle in, so I don't foresee any big major moves from this point forward. Obviously we'll want the stock to go higher, but sideways is fine too. And if it continues to drop (which is always a possibility), we'll manage it from there.

In the meantime, let's jump in.

With SCHW stock currently near \$64, we'll be playing with a strike that has \$14 of downside cushion, which equates to a buffer of just around 21.8%.

Here's the [current chart](#).

If you agree with my thinking, then this trade could be right for you.

Here's what you can choose to do (official):

**Sell (sell-to-open) the SCHW April 19, 2024 \$50 strike put option contract for a limit credit sell price of \$.25 per contract or higher, GTC, as an opening transaction (sell-to-open).**

Currently, the market for this put option is \$.26 bid/\$.30 offer, so we should be able to sell it for \$.25 or higher.

If you don't get filled today, make sure to keep your order working "GTC".

Remember, you can always start your offer sell price at \$.30 or \$.29 or \$.28, etc. You don't need to sell right at \$.26 to start. You can haggle!

**Do not** sell for anything less than \$.25 per contract.

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Here are the instructions for the unofficial trade.

For more information on the unofficial trades, scroll down to the "Announcements" section of the newsletter below.

These are optional and unofficial, and I won't be tracking them, so you're on your own to manage.

Please stay within your comfort zone!

Here's what you can choose to do (unofficial):

**Sell (sell-to-open) the SCHW April 19, 2024 \$65 strike put option contracts for a credit sell price between the current bid/ask levels, as an opening transaction (sell-to-open).**

Since these options are near-the-money strikes, they will move much faster, both higher and lower. These trades are meant to be taken only if you are very bullish from this point.

Currently, prices are near \$3.40 to \$3.50 per contract.

You could also choose any strike you want below the \$65 level. Up to you to decide how aggressive to be.

If you are going to trade multiple contracts, my advice would be to look for 50% decay when taking initial profits, or set a profit/loss threshold that works for you.

Any drop in the price of SCHW stock will put these positions underwater. Stay within your comfort zone!

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Ok, that's all for now. Get those new sell orders in there and let us know how you do.

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**

<b><u>Put-Sell Option Positions</u></b>	<b><u>Entry Date</u></b>	<b><u>Entry Sell Price</u></b>	<b><u>Current Price</u></b>	<b><u>Current Instructions</u></b>
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	\$0.15	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	STO for \$.25 per contract or higher See instructions from 1/3/24 Alert
<b><u>Unofficial Position</u></b>				
CVS Feb 16, '24 \$72.50 P	12/11/2023	Various	\$1.00	See instructions from 12/11/23 Alert
CVS Feb 16, '24 \$75 P	12/11/2023	Various	\$1.92	See instructions from 12/11/23 Alert
BMY Mar 15, '24 \$52.50 P	12/22/2023	Various	\$3.05	See instructions from 12/22/23 Alert
MU Mar 15, '24 \$80 P	1/3/2024	Various	\$1.15	See instructions from 1/3/24 Alert
<b><u>Legend</u></b>				
STO = Sell-To-Open/Sold-To-Open				
BTC = Buy-To-Close/Bought-To-Close				
BTO = Buy-To-Open/Bought-To-Open				