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VERTICAL SPREAD TRADER

Leveraging The Power Of Options



Issue #699, January 8, 2024 - By Lee Lowell

Profit Results - Nvidia Corp (NVDA)

Hello Vertical Spread Traders,

NVDA really treated us right.

We had no problem getting filled yesterday on the buy-back trade.

Some of the fills were at \$.05 per spread, but most came in at \$.04 per, so that'll be the official mark.

Here's what we did (official):

Bought back (bought-to-close) all of the NVDA February 16, 2024 \$360/\$355 (\$5-wide) put option credit spreads for an official debit buy price of \$.04 per spread as a closing transaction (buy-to-close).

Currently, the spread is still trading near \$.04 to \$.05 per, so if you didn't place your order yet, you can still get filled within the official prices.

Do not pay more than \$.05 per spread.

Here are the profit details:

We originally established (sold-to-open) this put option spread on November 22, 2023 for a sale price of \$.27 per spread, and now we took gains by buying it back (bought-to-close) for \$.04 per spread.

With the fill at \$.04, it locked in a gain of \$.23 per spread (\$23 for every spread traded) and a return on margin (ROM) of 4.8% (\$23/\$473) in about seven week's time. If you like to annualize, the return is roughly 36%.

How do we get the \$473 margin requirement number?

It's the width of the spread (\$5.00) minus the initial credit received (\$.27) multiplied by 100.

$$(\$5.00 - \$.27) \times 100 = \$473.$$

We always look to close our trades when we hit the "80% Rule" threshold, typically before the expiration date.

In this case, we captured 85% of the full profit potential (\$23 profit/\$27 full potential = 85%).

The full profit potential is always what you received for the initial credit. In this case, it was \$27.

Locking in early wins is just smart money management and it allows us to free up cash to put towards new trades.

Congratulations to those of you who participated in this trade.

Ok, that's all for now.

Continue to hold all other open positions as-is.

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

Best,
Lee

Current Portfolio

Continue to work all 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. If you are unsure or have any questions, please ask us!

Vertical Spread Trader Portfolio

<u>Position</u>	<u>Entry Date</u>	<u>Entry Sell Price</u>	<u>Current Price</u>	<u>Current Instructions</u>
NVDA Feb 16, '24 \$360/\$355 put sp	11/22/2023	\$0.27	\$0.05	Closed. BTC for \$.05 per spread See instructions from 1/7/24 alert
META Feb 16, '24 \$255/\$250 put sp	12/8/2023	\$0.26	\$0.06	STO for \$.25 per spread or better See instructions from 12/8/23 alert
ADBE Feb 16, '24 \$485/\$480 put sp	12/14/2023	\$0.28	\$0.11	STO for \$.25 per spread or better See instructions from 12/15/23 alert
NKE Mar 15, '24 \$95/\$90 put sp	12/22/2023	\$0.34	\$0.63	STO for \$.25 per spread or better See instructions from 12/22/23 alert
<u>Unofficial Positions</u>				
UNG Jan 19, '24 \$4.00 Call - Buy	4/11/2023	\$3.60	\$2.16	See instructions from 4/11/23 alert
NVDA Feb 16, '24 \$485/\$480 put sp	11/22/2023	\$2.40	\$1.10	See instructions from 11/22/23 alert
META Feb 16, '24 \$330/\$325 put sp	12/8/2023	\$2.25	\$1.08	See instructions from 12/8/23 alert
ADBE Feb 16, '24 \$590/\$585 put sp	12/14/2023	\$2.35	\$2.45	See instructions from 12/15/23 alert
STO = Sell-To-Open/Sold-To-Open				
BTC = Buy-To-Close/Bought-To-Close				