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VERTICAL SPREAD TRADER

Leveraging The Power Of Options



Issue #710 February 8, 2024 - By Lee Lowell

Profit Results - Triple Q's (QQQ)

Hello Vertical Spread Traders,

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

Fills went across at \$.04 & \$.05 per spread, so we'll take the official mark at \$.05 per.

Here's what we did (official):

Bought back (bought-to-close) all of the QQQ March 15, 2024 \$365/\$360 (\$5-wide) put option credit spreads for an

official debit buy price of \$.05 per spread as a closing transaction (bought-to-close).

The spread is still trading near \$.04 & \$.05 per, so if you didn't place your trade yet (if you wish to do so), you can still get filled within our set limit price.

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

Here are the profit details:

We originally established (sold-to-open) this put option spread on January 18, 2024 for a sale price of \$.25 per spread, and now we took gains by buying it back (bought-to-close) for \$.05 per spread.

With the fill at \$.05, it locked in a gain of \$.20 per spread (\$20 for every spread traded) and a return on margin (ROM) of 4.2% (\$20/\$475) in three week's time. That's nice. If you like to annualize, the return is roughly 72%.

How do we get the \$475 margin requirement number?

It's the width of the spread (\$5.00) minus the initial credit received (\$.25) multiplied by 100.

$$(\$5.00 - \$.25) \times 100 = \$475.$$

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

In this case, we captured 80% of the full profit potential (\$20 profit/\$25 full potential = 80%).

The full profit potential is always what you received for the initial credit. In this case, it was \$25.

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	N/A	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	N/A	Closed. BTC for \$.04 per spread See instructions from 1/12/24 alert
ADBE Feb 16, '24 \$485/\$480 put sp	12/14/2023	\$0.28	N/A	Closed. BTC for \$.05 per spread See instructions from 1/22/24 alert
NKE Mar 15, '24 \$95/\$90 put sp	12/22/2023	\$0.34	\$0.33	STO for \$.25 per spread or better See instructions from 12/22/23 alert
QQQ Mar 15, '24 \$365/\$360 put sp	1/18/2024	\$0.25	\$0.05	Closed. BTC for \$.05 per spread See instructions from 2/7/24 alert
AMD Apr 19, '24 \$125/\$120 put sp	2/1/2024	\$0.28	\$0.24	STO for \$.25 per spread or better See instructions from 2/1/24 alert
<u>Unofficial Positions</u>				
NVDA Feb 16, '24 \$485/\$480 put sp	11/22/2023	\$2.40	\$0.01	See instructions from 11/22/23 alert
META Feb 16, '24 \$330/\$325 put sp	12/8/2023	\$2.25	\$0.01	See instructions from 12/8/23 alert
ADBE Feb 16, '24 \$590/\$585 put sp	12/14/2023	\$2.35	\$0.52	See instructions from 12/15/23 alert
QQQ Mar 15, '24 \$410/\$408 put sp	1/18/2024	\$0.71	\$0.22	See instructions from 1/18/24 alert
AMD Apr 19, '24 \$170/\$165 put sp	2/1/2024	\$2.50	\$2.35	See instructions from 2/1/24 alert
STO = Sell-To-Open/Sold-To-Open				
BTC = Buy-To-Close/Bought-To-Close				