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# VERTICAL SPREAD TRADER

## Leveraging The Power Of Options



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Issue #700, January 12, 2024 - By Lee Lowell

### **Profit Time!**

Hello Vertical Spread Traders,

Happy Friday!

Time to lock in our second profitable trade of 2024. I like that.

The market is making its assault on all-time highs, which is rising the tide on most stocks, especially our positions.

Let's cash in.

**Meta Platforms, Inc (META)**

Still hard for me to not call this company Facebook. It is what it is.

And what it is, is profit-time!

META stock is up over \$4 per share as I type, so locking in gains today shouldn't be a problem.

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

**Note: you will only execute this buy-back trade if you already hold the credit spread position in your account. If you don't have the position, you can disregard these instructions.**

**Buy back (buy-to-close) all of your META February 16, 2024 \$255/\$250 (\$5-wide) put option credit spreads for a limit debit buy price of \$.05 per spread or cheaper, GTC, as a closing transaction (buy-to-close).**

Currently, the spread price is trading right near \$.04 to \$.05 per, so we should be able to get filled today.

If you don't get filled, just keep your order working "GTC".

Here are more detailed instructions, which will sound very much like the ones I give when we open the spread.

In the trade instructions above, I will always place the higher (more expensive) strike first, as it is the one we will be **buying** as part of the spread buy-back. The lower (less expensive) strike listed is the one we will be **selling** in the spread.

In this buy-back trade, you will be **buying** the \$255 put option and **selling** the \$250 put option all within a single transaction. This is the exact reverse of how we

initially open the spread.

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

It is in your best interests to execute the trade as a single spread transaction instead of executing two separate distinct buy & sell trades.

If you don't understand what that means, please read the Primer for more details. You can also ask your broker for help if you need it.

When executing the trade as a single spread transaction, it doesn't matter what each "leg" trades for. All that matters is that you buy it for no more than \$.05 per spread, or lower.

If for whatever reason you cannot, or don't want to enter the trade as a single spread transaction, you are more than welcome to execute two trades independently of each other. This will entail you having to set up your trading platform to buy the \$255 put option first, and then manually get your trading platform set up a second time to sell the \$250 put option. This is called "legging it".

It takes up precious time and is tedious to do it that way. You also open yourself up to "slippage", which means the stock can jump or fall in price on you unexpectedly while you fumble with your trading platform to get set up to make those individual transactions.

Trust me, please try to learn how to execute these trades as spreads. It will make things a lot easier.

But if you do need to "leg it", you can try to buy the \$255 puts for around \$.25 per contract and then immediately sell the \$250 puts for \$.20 contract. That would make the spread no more than \$.05 maximum. The prices could be different than this by the time you place your order.

**Do not** pay more than \$.05 per spread, either outright or by legging it.

The U.S. markets will be closed on Monday in observance of the Martin Luther King, Jr. holiday, so I will check back in next week.

If I see any new trades worthy today though, I will certainly send it out.

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

Continue to hold all other open positions as-is.

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

Best,  
Lee

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## **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	\$0.05	BTC for \$.05 per spread or better See instructions from 1/12/24 alert
ADBE Feb 16, '24 \$485/\$480 put sp	12/14/2023	\$0.28	\$0.07	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	\$0.33	STO for \$.25 per spread or better See instructions from 12/22/23 alert
<b><u>Unofficial Positions</u></b>				
UNG Jan 19, '24 \$4.00 Call - Buy	4/11/2023	\$3.60	\$2.75	See instructions from 4/11/23 alert
NVDA Feb 16, '24 \$485/\$480 put sp	11/22/2023	\$2.40	\$0.55	See instructions from 11/22/23 alert
META Feb 16, '24 \$330/\$325 put sp	12/8/2023	\$2.25	\$0.68	See instructions from 12/8/23 alert
ADBE Feb 16, '24 \$590/\$585 put sp	12/14/2023	\$2.35	\$1.90	See instructions from 12/15/23 alert
STO = Sell-To-Open/Sold-To-Open				
BTC = Buy-To-Close/Bought-To-Close				