

[Add us to your address book](#)

# VERTICAL SPREAD TRADER

## Leveraging The Power Of Options



---

Issue #717 March 4, 2024 - By Lee Lowell

### **Profit Results**

Hello Vertical Spread Traders,

Hope everyone had a good weekend.

Quick housekeeping note that I need to share:

We have members join (and sometimes leave) our service at various times during the year. We offer both monthly and annual plans, with Paypal as our payment processor.

Renewals of both plans happen automatically, as you are charged based on your monthly or annual date.

Please, please, PLEASE be aware of your recurring payment date, as there are no advance notices that are sent to remind you that a charge is forthcoming.

If you wish to leave our service and want to avoid unnecessary processing fee charges, please let us and/or Paypal know (if you have a Paypal account) ahead of your renewal date. This saves all of us hassles, headaches, and extra charges. If you notify us after the renewal date, fees will be incurred.

These instructions can also be seen on the newsletter sign-up page on our website.

Thank you!

---

Now, let's get to it.

We closed out two trades on Friday, both for profits.

Let's go over the results.

## **Nike, Inc (NKE)**

Our timing was good for NKE, as I wasn't liking its chart pattern (looked weak).

Today the stock is down another \$2 per share, on top of Friday's \$2 per share drop. It's now trading under \$100.

If you placed your spread order within a couple of hours from receiving the alert on Friday, then you were filled.

Fill prices ranged from \$.13 to \$.15 per spread, with a majority at \$.15, so that'll be our official mark.

Here's what we did (official):

**Bought back (bought-to-close) all of the NKE March 15, 2024 \$95/\$90 (\$5-wide) put option credit spreads for an official debit buy price of \$.15 per spread as a closing transaction (bought-to-close).**

With the stock drop today, the spread is now valued near \$.27 to \$.29 per spread, so if you didn't close it out on Friday, you can decide if you want to do it now or continue to hold until expiration. Up to you.

Here are the profit details:

We originally established (sold-to-open) this put option spread on December 22, 2023 for a sale price of \$.34 per spread, and now we took gains by buying it back (bought-to-close) for \$.15 per spread.

With the fill at \$.15, it locked in a gain of \$.19 per spread (\$19 for every spread traded) and a return on margin (ROM) of 4.1% ( $\$19/\$466$ ) in ten week's time. If you like to annualize, the return is roughly 21%.

How do we get the \$466 margin requirement number?

It's the width of the spread (\$5.00) minus the initial credit received (\$.34) multiplied by 100.

$$(\$5.00 - \$.34) \times 100 = \$466.$$

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

In this case, we captured 55% of the full profit potential ( $\$19 \text{ profit}/\$34 \text{ full potential} = 55\%$ ).

The full profit potential is always what you received for the initial credit. In this case, it was \$34.

Although we didn't hit our 80% intended profit threshold, locking in early wins is still 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.

---

## Advanced Micro Devices (AMD)

Closing out AMD was a bit nicer.

The stock continues to run higher, up another \$7 per share today, and tagging more all-time new highs above \$200 per share. Wow!

Most of the fills on Friday came at \$.05 per spread, so that'll be our official mark.

Here's what we did (official):

**Bought back (bought-to-close) all of the AMD April 19, 2024 \$125/\$120 (\$5-wide) put option credit spreads for an official debit buy price of \$.05 per spread as a closing transaction (bought-to-close).**

With the stock higher today, the spread is valued near \$.03 to \$.04 per, so if you didn't close it out on Friday, you can do better today. Up to you.

Here are the profit details:

We originally established (sold-to-open) this put option spread on February 1, 2024 for a sale price of \$.28 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 \$.23 per spread (\$23 for every spread traded) and a return on margin (ROM) of 4.8% ( $\$23/\$472$ ) in one month's time. If you like to annualize, the return is roughly 58%.

If you need help calculating the margin requirement, use the NKE results above for guidance.

We also captured 82% of the full profit potential ( $\$23 \text{ profit}/\$28 \text{ full potential} = 82\%$ ).

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	\$0.30	Closed. BTC for \$.15 per spread See instructions from 3/1/24 alert
QQQ Mar 15, '24 \$365/\$360 put sp	1/18/2024	\$0.25	N/A	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	\$0.04	Closed. BTC for \$.05 per spread See instructions from 3/1/24 alert
QQQ Apr 19, '24 \$380/\$375 put sp	2/13/2024	\$0.29	\$0.08	STO for \$.25 per spread or better See instructions from 2/13/24 alert
<b><u>Unofficial Positions</u></b>				
QQQ Mar 15, '24 \$410/\$408 put sp	1/18/2024	\$0.71	\$0.02	See instructions from 1/18/24 alert
AMD Apr 19, '24 \$170/\$165 put sp	2/1/2024	\$2.50	\$0.50	See instructions from 2/1/24 alert
STO = Sell-To-Open/Sold-To-Open				
BTC = Buy-To-Close/Bought-To-Close				