Monthly Option Spreads

Laser-Focused System to Unlock Profits on my CORE Equity/ETF

MASTERCLASS

START 2
MASTERCLASS - Macro Overview

PART 1:
1. Where it all Started
2. How it's Traded
3. 3-Principle Method

PART 2:
1. Vertical Spreads
2. The Trading Rules
3. Trade Size

PART 3:
1. Finding the Trade
2. Entering the Trade
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Bull Put Spread

A type of options strategy that is used when the investor expects a rise in the price of the underlying asset. This strategy is constructed by selling one put option while simultaneously buying another put option further out-of-the-money.

Example: With RUT @ 1238

$RUT Bull Put July

Sell 1210 put $20.00
Buy 1200 put $17.20

Net Credit $2.80
**Bear Call Spread**

A type of options strategy used when a decline in the price of the underlying asset is expected. It is achieved by selling call options at a specific strike price while also buying the same number of calls, but at a higher strike price.

Example: GOOGL @ 565

RUT Bear Call June

Sell 580 call $8.00

Buy 590 call $5.80

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**Net Credit** $2.20
Monthly Option Spreads

Trading Rules
On left hand chart (1-Year week) if price is overbought/oversold, or in the middle of an advancing move.
Trading Rules - Step 2

Look for a: READY @ a Measured Move on the right hand chart.
Trading Rules - Step 3

AVOID EARNINGS!

Next earnings for GOOGL 10/22/18.

This is a pure gamble and we don’t do that here.

Exit active trades at least 1 week before earnings.
Trading Rules - Step 4

Sell Bull Put or Bear Call

~30 days until expiration with open interest >100.
Trading Rules

Step 5:

Exit at a profit when Fibonacci Extensions are at 127 and higher, or

Exit with a loss when a measured move goes opposite the desired direction.
Proper Trade Size

1. Risk only 1% per Trade >> $50,000*.01 = $500

2. Average loss of trade 25% >> $500/25% = $2000

3. With 20 Equities in the portfolio >> Max 20 Trades

4. 20 trades * $2000 = $40,000 (cap. Allocation)
Continue to MASTERCLASS Part 3