

THE WAR ROOM - DAY 9

(29-06-20)

A dark blue, irregularly shaped ink blot with white splatters on a white background. The blot is centered and has a rough, organic edge. The word "Anton" is written in white, sans-serif font in the center of the blot.

Anton

BL US \$ C 84.22 +3.30 Q84.10 / 84.20Q 5x10
 On 25 Jun d Vol 525,607 O 80.95Q H 84.22D L 79.98D Val 43.772M

BL US Equity 95) Actions 96) Export 97) Settings Option Monitor

BLACKLINE INC 84.22 3.30 4.0781% 84.10 / 84.20 Hi 84.22 Lo 79.98 Volm 525607 HV 39.99
 Center 84.22 Strikes 5 Exp 17-Jul-20 Exch US Composite 98) 07/31/20 E | ERN »

Calc Mode As of < 26-Jun-2020

01) Center Strike 02) Calls/Puts 03) Calls 04) Puts 05) Term Structure 07) Moneyness

Calls							Strike	Puts						
Ticker	Bid	Ask	Last	IVM	Volm	OInt		Ticker	Bid	Ask	Last	IVM	Volm	OInt
17-Jul-20 (22d); CSize 100; IBrw .25; R .16; IFwd 83.8							5	17-Jul-20 (22d); CSize 100; IBrw .25; R .16; IFwd 83.						
1) BL 7 C75	9.10y	11.80y	9.38y	57.86	1	204	75.00	21) BL 7 P75	.85y	1.20y	1.65y	51.55		75
2) BL 7 C80	5.90y	6.50y	6.19y	46.39	14	280	80.00	22) BL 7 P80	1.05y	2.45y	3.20y	43.06	2	13
3) BL 7 C85	3.20y	3.50y	3.20y	45.00	16	148	85.00	23) BL 7 P85	4.00y	4.40y	4.30y	45.82	2	4
4) BL 7 C90	1.40y	1.65y	1.55y	43.76	26	169	90.00	24) BL 7 P90	7.10y	7.80y		44.90		
5) BL 7 C95	.40y	.75y	.70y	42.76	1	16	95.00	25) BL 7 P95	10.00y	13.80y		51.82		
21-Aug-20 (57d); CSize 100; R .24; IFwd 83.87							5	21-Aug-20 (57d); CSize 100; R .24; IFwd 83.87						
6) BL 8 C75	11.90y	13.30y	9.10y	56.05	2	78	75.00	26) BL 8 P75	3.00y	3.60y	3.60y	55.79		4
7) BL 8 C80	8.80y	9.60y	9.10y	53.06	11	121	80.00	27) BL 8 P80	4.70y	5.20y	6.00y	52.91		7
8) BL 8 C85	6.20y	6.90y	6.20y	51.89	9	82	85.00	28) BL 8 P85	7.00y	7.70y		52.46		
9) BL 8 C90	4.30y	4.70y	4.34y	50.99	4	68	90.00	29) BL 8 P90	9.50y	11.10y	10.80y	51.63	8	
10) BL 8 C95	2.05y	3.30y	2.90y	47.66	24	3	95.00	30) BL 8 P95	12.80y	14.60y		50.18		
20-Nov-20 (148d); CSize 100; IBrw .05; R .34; IFwd 8							5	20-Nov-20 (148d); CSize 100; IBrw .05; R .34; IFwd 8						
11) BL 11 C75	15.30y	16.40y	14.10y	52.97		19	75.00	31) BL 11 P75	6.10y	7.20y	7.20y	52.63		24
12) BL 11 C80	12.30y	13.40y	10.97y	51.25		22	80.00	32) BL 11 P80	8.20y	9.40y	13.80y	51.87		400
13) BL 11 C85	9.70y	10.70y	8.10y	49.53		54	85.00	33) BL 11 P85	10.70y	12.20y		51.18		
14) BL 11 C90	7.60y	8.50y	7.20y	48.66		235	90.00	34) BL 11 P90	13.60y	15.20y	16.03y	51.25		31
15) BL 11 C95	5.80y	7.00y	5.48y	48.48		137	95.00	35) BL 11 P95	16.60y	18.10y		49.42		
19-Feb-21 (239d); CSize 100; R .43; IFwd 83.99							5	19-Feb-21 (239d); CSize 100; R .43; IFwd 83.99						
16) BL 2/21 C75	17.30y	19.20y	16.90y	51.17		7	75.00	36) BL 2/21 P75	7.90y	9.50y		50.39		

Calendar Call Ratio Spread Blackline (BL)

Earnings July 31st

Buy 16 of the 85's in August for -\$6.50

Sell 9 of the 80's in July for \$6.20

Net Spend

= (16X \$6.50 X 100) = \$10,400

+ (9 X \$6.20 X 100) = \$5,580 = -\$4,820

Scenario 1 – Stock goes to \$79 before July expiry - Both Contracts are Out The Money

Action? Cover the short at zero. Let it run off the book. Collect the full credit of \$5,580

Now you have 16 contracts of the August \$85 Strike for Earnings at a lower average price

Net Spend is \$4,820 / 16 Contracts / 100 = \$3.01 Average price

Let her rip!



Calendar Call Ratio Spread

Scenario 3 – Stock goes to \$82.50 before July expiry

The \$80 Strike is \$2.50 In The Money

The \$85 Strike is \$2.50 Out The Money

You are short the \$80 Strike Calls at \$6.20 and you're buying them back at \$2.50

Action? Buy back the short Calls at \$2.50 and bank \$3.70 profit

Collect the credit of $\$6.20 - \$2.50 = \$3.70 \times 9 \times 100 = \$3,330$

Net price = $\$10,400 - \$3,330 = \$7,070 / 16 \text{ contracts} / 100 = \4.41

Let her rip!

Scenario 2 – Stock goes to \$89 before July 17th expiry

Long \$85 Strike Calls profit \$4 intrinsic + approx \$2 time value = $(\$6 \times 16 \times 100) - \$10,400 = -800$

Short \$80 Strike Calls loss is intrinsic = $\$9 \times 9 \times 100 - \$5,580 = \$2,520$

$-\$800 - \$2,520 = \$3,320$

Action? Trade out of both legs of the trade and restructure if its right to do so.

Long

ZNGA – (video games)

WING – (chicken wings)

BL – (SaaS)

Short

COF (Sub Prime Consumer Finance)

FCX (Copper Mining)



Raj

War Room

June 29th 2020

Options Spreads Calculations

Raj Malhotra

Institute of Trading and Portfolio Management

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Global Retail Trader Community

ZNGA US \$ C 9.58 -0.03 Q9.57/9.58Q 914x226
 On 26 Jun d Vol 30,011,589 O 9.63Q H 9.72D L 9.44D Val 288.086M

ZNGA US Equity 95) Actions 96) Export 97) Settings Option Monitor

ZYNGA INC- CL A 9.58 -.03 -.3122% 9.57/9.58 Hi 9.72 Lo 9.44 Volm 30011589 HV 48.18
 Center 9.58 Strikes 5 Exp 17-Jul-20 Exch US Composite 92) 07/31/20 E | ERN »
 Calc Mode As of < 29-Jun-2020

Center Strike								Calls/Puts		Calls		Puts		Term Structure		Moneyness						
Ticker	Bid	Ask	Last	IVM	Volm	OInt	Strike	Ticker	Bid	Ask	Last	IVM	Volm	OInt	Strike	Ticker	Bid	Ask	Last	IVM	Volm	OInt
21-Aug-20 (54d); CSize 100; R .31								5	21-Aug-20 (54d); CSize 100; R .31													
5) ZNGA 7/17/20 C10.5	.13y	.25y	.16y	55.07	108	319	10.50	35) ZNGA 7/17/20 P10.5	.91y	1.11y	1.00y	40.62	12	18	10.50	35) ZNGA 7/17/20 P10.5	.91y	1.11y	1.00y	40.62	12	18
6) ZNGA 8/21/20 C8	1.69y	1.82y	1.88y	50.76	7	696	8.00	36) ZNGA 8/21/20 P8		.25y	.22y	60.08	10	810	8.00	36) ZNGA 8/21/20 P8		.25y	.22y	60.08	10	810
7) ZNGA 8/21/20 C9	1.02y	1.09y	1.06y	50.38	126	3448	9.00	37) ZNGA 8/21/20 P9	.46y	.50y	.46y	50.87	643	468	9.00	37) ZNGA 8/21/20 P9	.46y	.50y	.46y	50.87	643	468
8) ZNGA 8/21/20 C10	.59y	.60y	.60y	51.77	428	7075	10.00	38) ZNGA 8/21/20 P10	.98y	1.18y	.95y	55.67	52	267	10.00	38) ZNGA 8/21/20 P10	.98y	1.18y	.95y	55.67	52	267
9) ZNGA 8/21/20 C11	.30y	.33y	.33y	52.66	621	732	11.00	39) ZNGA 8/21/20 P11	1.72y	1.79y	1.71y	53.64			11.00	39) ZNGA 8/21/20 P11	1.72y	1.79y	1.71y	53.64		
10) ZNGA 8/21/20 C12	.16y	.20y	.19y	55.58	41	173	12.00	40) ZNGA 8/21/20 P12	2.40y	3.50y	2.62y	85.44			12.00	40) ZNGA 8/21/20 P12	2.40y	3.50y	2.62y	85.44		
18-Sep-20 (82d); CSize 100; R .31								5	18-Sep-20 (82d); CSize 100; R .31													
11) ZNGA 9/18/20 C8	1.81y	1.91y	1.95y	50.21	48	7566	8.00	41) ZNGA 9/18/20 P8	.26y	.39y	.27y	54.11	15	2614	8.00	41) ZNGA 9/18/20 P8	.26y	.39y	.27y	54.11	15	2614
12) ZNGA 9/18/20 C9	1.10y	1.19y	1.18y	46.40	241	8263	9.00	42) ZNGA 9/18/20 P9	.52y	.61y	.64y	46.41	96	707	9.00	42) ZNGA 9/18/20 P9	.52y	.61y	.64y	46.41	96	707
13) ZNGA 9/18/20 C10	.69y	.74y	.73y	48.68	430	11586	10.00	43) ZNGA 9/18/20 P10	1.11y	1.16y	1.10y	48.53	54	292	10.00	43) ZNGA 9/18/20 P10	1.11y	1.16y	1.10y	48.53	54	292
14) ZNGA 9/18/20 C11	.41y	.44y	.42y	49.72	200	23455	11.00	44) ZNGA 9/18/20 P11	1.82y	1.97y	1.89y	52.70	6		11.00	44) ZNGA 9/18/20 P11	1.82y	1.97y	1.89y	52.70	6	
15) ZNGA 9/18/20 C12	.24y	.28y	.28y	51.50	165	1232	12.00	45) ZNGA 9/18/20 P12	.97y	4.15y	2.71y	41.67		12	12.00	45) ZNGA 9/18/20 P12	.97y	4.15y	2.71y	41.67		12
18-Dec-20 (173d); CSize 100; R .30								5	18-Dec-20 (173d); CSize 100; R .30													
16) ZNGA 12/18/20 C8	1.93y	2.43y	2.10y	50.84	15	696	8.00	46) ZNGA 12/18/20 P8	.49y	.82y	.51y	53.83	292	251	8.00	46) ZNGA 12/18/20 P8	.49y	.82y	.51y	53.83	292	251
17) ZNGA 12/18/20 C9	1.16y	1.57y	1.48y	40.94	2	3147	9.00	47) ZNGA 12/18/20 P9	.81y	1.60y	.88y	58.02	3	134	9.00	47) ZNGA 12/18/20 P9	.81y	1.60y	.88y	58.02	3	134
18) ZNGA 12/18/20 C10	1.02y	1.10y	1.09y	46.68	37	1388	10.00	48) ZNGA 12/18/20 P10	1.43y	1.60y	1.46y	48.24		66	10.00	48) ZNGA 12/18/20 P10	1.43y	1.60y	1.46y	48.24		66
19) ZNGA 12/18/20 C11	.48y	.78y	.75y	42.79	17	466	11.00	49) ZNGA 12/18/20 P11	.42y	3.45y	2.16y	38.49		157	11.00	49) ZNGA 12/18/20 P11	.42y	3.45y	2.16y	38.49		157
20) ZNGA 12/18/20 C12	.47y	.56y	.54y	47.27	71	725	12.00	50) ZNGA 12/18/20 P12	1.14y	4.45y	2.95y	41.75		5	12.00	50) ZNGA 12/18/20 P12	1.14y	4.45y	2.95y	41.75		5
15-Jan-21 (201d); CSize 100; R .28								5	15-Jan-21 (201d); CSize 100; R .28													

ZNGA

- Earnings are August 5th
- Buy 40 of the Dec. 10 Calls for \$1.08 each. Total Debit of \$4,320
- Sell 20 of the August 11 Calls for \$.31 each. Total Credit of -\$620.
- Total net premium of \$3,700.
- Best case scenario is stock stays below \$11 till August expiration.
- Should the stock then go to \$14 in December, you make \$12,300.
- $(14 - 10(\text{strike}) \times 40 \times 100 - \$3,700 = \$12,300$. 3.3 to 1 Risk Reward. $(\$12,300 / \$3,700)$ – Scenario 1
- If the stock goes to \$10.925 on Dec. expiration, then you break even. $(\$3,700 / 4000 = .925)$ – Scenario 2
- If the stock never goes up, then you lose your premium of \$3,700. – Scenario 3
- If the stock goes up a lot by August expiration to say \$13, let's examine that.

ZNGA- Continued

- On the August Calls, you lose \$3,380. $\{(13 - 11) \times 20 \times 100 - \$620\} = -\$3,380$.
- On the December Calls, the option has an intrinsic value of \$3 (13-10). The Calls will be worth \$7,680 ($\$3 \times 4000 - \$4,320 = \$7,680$ + some time value).
- So the net P&L between the two would be a minimum of \$4,300. – Scenario 4
- As you can see, there are many scenarios where the trade is profitable.

WING US

\$

Market

P103.97 / 139.00P

3x2

Prev 135.13

Vol 1,207,459

WING US Equity

95) Actions ▾

96) Export ▾

97) Settings ▾

Option Monitor

WINGSTOP INC

135.13

-3.58

-2,5809%

103.97 / 139.00

Hi 140.00

Lo 134.53

Volm 1207459

HV 45.89

Center 135.13

Strikes 5

Exp

17-Jul-20

Exch

US Composite

92) 07/31/20 E | ERN »

Calc Mode

As of

< 29-Jun-2020

Center Strike

Calls/Puts

Calls

Puts

Term Structure

Moneyness

Calls								Puts							
Ticker	Bid	Ask	Last	IVM	Volm	OInt	Strike	Ticker	Bid	Ask	Last	IVM	Volm	OInt	
17-Jul-20 (19d); CSize 100; R .31								17-Jul-20 (19d); CSize 100; R .31							
1) WING 7 C125	13.10y	15.20y	14.50y	63.57	38	134	125.00	26) WING 7 P125	3.40y	4.00y	3.20y	62.30	20	214	
2) WING 7 C130	9.30y	10.90y	10.98y	57.09	140	696	130.00	27) WING 7 P130	5.00y	5.50y	5.60y	59.82	52	367	
3) WING 7 C135	7.30y	9.40y	8.03y	64.09	245	1472	135.00	28) WING 7 P135	7.10y	7.70y	7.70y	58.21	574	445	
4) WING 7 C140	5.10y	5.90y	6.40y	58.42	135	549	140.00	29) WING 7 P140	9.80y	10.50y	10.40y	56.89	83	35	
5) WING 7 C145	2.75y	4.00y	3.90y	54.25	314	1057	145.00	30) WING 7 P145	11.60y	13.90y	11.50y	51.45		23	
21-Aug-20 (54d); CSize 100; R .31								21-Aug-20 (54d); CSize 100; R .31							
6) WING 8 C125	17.80y	19.20y	19.53y	62.73		3	125.00	31) WING 8 P125	7.80y	8.40y	9.03y	61.91		7	
7) WING 8 C130	14.70y	17.00y	17.50y	63.38		87	130.00	32) WING 8 P130	9.80y	10.40y	9.10y	60.79		13	
8) WING 8 C135	12.00y	13.00y	13.92y	58.91	44	130	135.00	33) WING 8 P135	11.00y	13.10y	10.30y	57.68	1	7	
9) WING 8 C140	9.90y	10.70y	10.40y	58.56	26	90	140.00	34) WING 8 P140	13.60y	15.40y	16.33y	55.68		3	
10) WING 8 C145	7.70y	8.60y	9.16y	57.00	21	32	145.00	35) WING 8 P145	17.20y	18.50y		57.71			
18-Sep-20 (82d); CSize 100; R .31								18-Sep-20 (82d); CSize 100; R .31							
11) WING 9 C125	19.60y	21.00y	22.20y	59.04	4	13	125.00	36) WING 9 P125	8.80y	10.50y	9.15y	57.08	1	136	
12) WING 9 C130	16.30y	18.10y	19.05y	56.91	1	90	130.00	37) WING 9 P130	10.90y	12.50y	12.89y	56.58		15	
13) WING 9 C135	13.70y	15.30y	16.60y	54.94	6	43	135.00	38) WING 9 P135	13.30y	14.70y	12.70y	54.33	10	43	
14) WING 9 C140	10.60y	13.00y	13.60y	53.73	4	12	140.00	39) WING 9 P140	16.00y	17.30y	16.30y	53.38		7	
15) WING 9 C145	8.30y	11.00y	9.00y	52.52		23	145.00	40) WING 9 P145	18.70y	21.90y	32.60y	55.29		1	
18-Dec-20 (173d); CSize 100; R .30								18-Dec-20 (173d); CSize 100; R .30							
16) WING 12 C125	24.60y	26.90y	26.88y	56.97		11	125.00	41) WING 12 P125	14.30y	16.60y	13.95y	56.35	50	50	

WING

- Earnings are August 5th
- Buy 5 of the August 135 Calls for \$12.50 each. Total Debit of \$6,250
- Sell 4 of the July 145 Calls for \$3 each. Total Credit of -\$1,200.
- Total net premium of \$5,050.
- Best case scenario is stock stays below \$145 till July expiration.
- Should the stock then go to \$170 by August, you make \$12,450.
- $(170 - 135(\text{strike}) \times 5 \times 100 - \$5,050 = \$12,450$. 2.5 to 1 Risk Reward. $(\$12,450 / \$5,050)$ – Scenario 1
- If the stock goes to \$145.10 on August expiration, then you break even. $(\$5,050 / 500 = 10.1)$ – Scenario 2
- If the stock never goes up, then you lose your premium of \$5,050. – Scenario 3
- If the stock goes up a lot by July expiration to say \$155, let's examine that.

WING- Continued

- On the July Calls, you lose \$2,800. $(155 - 145 \times 400) - \$1200 = -\$2,800$.
- On the August Calls, the option has an intrinsic value of \$20 (155-135). The Calls should have a time value of \$2. The Calls will be worth \$4,750 $(\$22 \times 500 - \$6,250) = \$4,750$
- So the net P&L on the spread is \$1,950. – Scenario 4
- Once again, there are many scenarios where the trade is profitable.

COF US

\$

Market

P60.65 / 63.34P

1x1

Prev 61.16

Vol 99

COF US Equity

95) Actions ▾

96) Export ▾

97) Settings ▾

Option Monitor

CAPITAL ONE FINA

61.16

-5.88

-8.7709%

60.65 / 63.34

Hi 65.54

Lo 60.84

Volm 99

HV 78.62

Center 61.16

Strikes 5

Exp 17-Jul-20

Exch US Composite

92) 07/22/20 C | ERN »

Calc Mode

As of < 29-Jun-2020

1) Center Strike

2) Calls/Puts

3) Calls

4) Puts

5) Term Structure

6) Moneyness

Calls

Strike

Puts

Ticker

Bid

Ask

Last

IVM

Volm

OI

Ticker

Bid

Ask

Last

IVM

Volm

O

5) COF 7/17/20 C62.5 3.05y 3.30y 3.25y 64.36 58

62.50

35) COF 7/17/20 P62.5 4.30y 4.55y 4.12y 63.41 55

21-Aug-20 (54d); CSize 100; R .31

5

21-Aug-20 (54d); CSize 100; R .31

6) COF 8/21/20 C55 9.45y 10.35y 9.94y 71.45 7

55.00

36) COF 8/21/20 P55 3.20y 3.70y 3.60y 65.99 66

7) COF 8/21/20 C57.5 7.20y 8.15y 8.00y 62.07 1

57.50

37) COF 8/21/20 P57.5 4.15y 4.55y 4.58y 64.00 65

8) COF 8/21/20 C60 6.15y 6.70y 6.81y 62.50 21

60.00

38) COF 8/21/20 P60 5.45y 5.65y 5.60y 63.70 70

9) COF 8/21/20 C62.5 5.20y 5.45y 5.24y 62.68 109

62.50

39) COF 8/21/20 P62.5 6.65y 6.95y 6.47y 62.21 37

10) COF 8/21/20 C65 3.80y 4.30y 4.20y 59.31 36

65.00

40) COF 8/21/20 P65 8.05y 8.35y 8.12y 60.85 73

18-Sep-20 (82d); CSize 100; R .31

5

18-Sep-20 (82d); CSize 100; R .31

11) COF 9/18/20 C55 10.35y 10.70y 10.70y 63.91 254

55.00

41) COF 9/18/20 P55 4.40y 4.60y 4.42y 64.36 548

12) COF 9/18/20 C57.5 8.85y 9.15y 25.25y 62.73 1

57.50

42) COF 9/18/20 P57.5 5.35y 5.55y 5.25y 62.37 46

13) COF 9/18/20 C60 7.50y 7.75y 7.50y 61.23 28 23

60.00

43) COF 9/18/20 P60 6.45y 6.65y 6.45y 60.84 16

14) COF 9/18/20 C62.5 6.25y 6.50y 6.60y 59.99 22 11

62.50

44) COF 9/18/20 P62.5 7.65y 7.90y 7.70y 59.26 44

15) COF 9/18/20 C65 5.15y 5.60y 5.12y 59.94 73 7

65.00

45) COF 9/18/20 P65 9.00y 9.30y 9.15y 57.96 782 1

18-Dec-20 (173d); CSize 100; R .30

5

18-Dec-20 (173d); CSize 100; R .30

16) COF 12/18/20 C55 11.60y 14.75y 16.04y 62.42

55.00

46) COF 12/18/20 P55 7.00y 7.70y 5.84y 63.30

17) COF 12/18/20 C57.5 11.15y 12.80y 11.99y 62.47 1

57.50

47) COF 12/18/20 P57.5 7.90y 8.30y 8.10y 59.85 83

18) COF 12/18/20 C60 9.95y 11.05y 16.50y 60.35

60.00

48) COF 12/18/20 P60 9.10y 9.50y 9.36y 58.92 11

19) COF 12/18/20 C62.5 8.70y 9.35y 10.50y 57.69 1

62.50

49) COF 12/18/20 P62.5 10.35y 10.80y 10.55y 57.80 12

20) COF 12/18/20 C65 7.55y 8.65y 8.17y 58.02 79 1

65.00

50) COF 12/18/20 P65 11.75y 12.25y 12.10y 56.99 13

15-Jan-21 (201d); CSize 100; R .28

5

15-Jan-21 (201d); CSize 100; R .28

COF US \$ Market P60.65 / 62.34P 1x1
 Prev 61.16 Vol 99

COF US Equity 95) Actions 96) Export 97) Settings Option Monitor

CAPITAL ONE FINA 61.16 -5.88 -8.7709% 60.65 / 62.34 Hi 65.54 Lo 60.84 Volm 99 HV 78.62
 Center 61.16 Strikes 5 Exp 17-Jul-20 Exch US Composite 98) 07/22/20 C | ERN »
 Calc Mode As of < 29-Jun-2020

Center Strike Calls/Puts Calls Puts Term Structure Moneyess

Calls								Strike	Puts							
Ticker	Bid	Ask	Last	IVM	Volm	OIn		Ticker	Bid	Ask	Last	IVM	Volm	OIn		
17-Jul-20 (19d); CSize 100; R .31								5	17-Jul-20 (19d); CSize 100; R .31							
1) COF 7/17/20 C59	4.90y	5.30y	5.25y	68.28	2		59.00	35) COF 7/17/20 P59	2.72y	3.10y	2.52y	67.92	3			
2) COF 7/17/20 C60	4.35y	4.55y	4.30y	65.56	49	60	60.00	36) COF 7/17/20 P60	3.00y	3.30y	3.28y	64.01	134	418		
3) COF 7/17/20 C61	3.40y	4.00y	3.77y	61.91	3		61.00	37) COF 7/17/20 P61	3.45y	3.75y	3.40y	63.12	21			
4) COF 7/17/20 C62	3.10y	3.50y	3.27y	62.87	112		62.00	38) COF 7/17/20 P62	3.95y	4.25y	4.25y	62.72	66	10		
5) COF 7/17/20 C62.5	3.05y	3.30y	3.25y	64.36	58	3	62.50	39) COF 7/17/20 P62.5	4.30y	4.55y	4.12y	63.41	55	5		
21-Aug-20 (54d); CSize 100; R .31								9	21-Aug-20 (54d); CSize 100; R .31							
6) COF 8/21/20 C50	12.95y	13.75y	13.49y	72.88	1		50.00	40) COF 8/21/20 P50	2.14y	2.40y	2.25y	72.94	40			
7) COF 8/21/20 C52.5							52.50	41) COF 8/21/20 P52.5								
8) COF 8/21/20 C55	9.45y	10.35y	9.94y	71.45	7		55.00	42) COF 8/21/20 P55	3.20y	3.70y	3.60y	65.99	66	19		
9) COF 8/21/20 C57.5	7.20y	8.15y	8.00y	62.07	1		57.50	43) COF 8/21/20 P57.5	4.15y	4.55y	4.58y	64.00	65			
10) COF 8/21/20 C60	6.15y	6.70y	6.81y	62.50	21	1	60.00	44) COF 8/21/20 P60	5.45y	5.65y	5.60y	63.70	70	2		
11) COF 8/21/20 C62.5	5.20y	5.45y	5.24y	62.68	109	2	62.50	45) COF 8/21/20 P62.5	6.65y	6.95y	6.47y	62.21	37	1		
12) COF 8/21/20 C65	3.80y	4.30y	4.20y	59.31	36		65.00	46) COF 8/21/20 P65	8.05y	8.35y	8.12y	60.85	73	2		
13) COF 8/21/20 C67.5	3.20y	3.65y	3.25y	61.34	73	5	67.50	47) COF 8/21/20 P67.5	9.20y	10.00y	10.00y	57.82	3			
14) COF 8/21/20 C70	2.10y	2.91y	2.51y	58.43	29	9	70.00	48) COF 8/21/20 P70	11.35y	11.90y	11.57y	59.71	101			
18-Sep-20 (82d); CSize 100; R .31								5	18-Sep-20 (82d); CSize 100; R .31							
15) COF 9/18/20 C55	10.35y	10.70y	10.70y	63.91	2	548	55.00	49) COF 9/18/20 P55	4.40y	4.60y	4.42y	64.36	54	829		
16) COF 9/18/20 C57.5	8.85y	9.15y	25.25y	62.73		11	57.50	50) COF 9/18/20 P57.5	5.35y	5.55y	5.25y	62.37	46	29		
17) COF 9/18/20 C60	7.50y	7.75y	7.50y	61.23	28	237	60.00	51) COF 9/18/20 P60	6.45y	6.65y	6.45y	60.84	16	3		

COF

- Earnings are July 21st.
- Buy 6 of the December 60 Puts for \$9.40 each. Total Debit of \$5,640
- Sell 3 of the August 50 Puts for \$2.25 each. Total Credit of -\$675.
- Total net premium of \$4,965.
- Best case scenario is stock stays above \$50 till August expiration.
- Should the stock then go to \$30 by December, you make \$13,035.
- $(60 - 30) \times 6 \times 100 - \$4,965 = \$13,035$. 2.6 to 1 Risk Reward. $(\$13,035 / \$4,965)$ – Scenario 1
- If the stock goes to \$51.72 on December expiration, then you break even. $(\$4,965 / 600 = 8.28)$ – Scenario 2
- If the stock never goes down, then you lose your premium of \$4,965. – Scenario 3
- If the stock goes down a lot by August expiration to say \$45, let's examine that.

COF- Continued

- On the August puts, you lose $-\$825$. $(50 - 45 \times 300) - \$675 = -\825 .
- On the December puts, the option has an intrinsic value of $\$15$ ($60-45$). The Puts should have a time value of $\$4$. The Puts will have a P&L of $\$5,760$ ($\$19 \times 600 - \$5,640$) = $\$5,760$
- So the net P&L on the spread is $\$4,935$. – Scenario 4
- As you can see, you can structure put ratios just as easily as call ratios and again there are many ways to make \$.

FCX US \$ Market P10.56 / 11.03P 1x1
 Prev 10.79 Vol 20,899,542

FCX US Equity 95) Actions 96) Export 97) Settings Option Monitor

FREPORT-MCMORAN 10.79 -.29 -2.6173% 10.56 / 11.03 Hi 11.10 Lo 10.78 Volm 20899542 HV 68.92
 Center 10.79 Strikes 5 Exp 17-Jul-20 Exch US Composite 92) 07/24/20 E | ERN »
 Calc Mode As of < 29-Jun-2020

Center Strike Calls/Puts Calls Puts Term Structure Moneyness

Calls							Strike	Puts						
Ticker	Bid	Ask	Last	IVM	Volm	OInt		Ticker	Bid	Ask	Last	IVM	Volm	OInt
21-Aug-20 (54d); CSize 100; R .31							5	21-Aug-20 (54d); CSize 100; R .31						
6) FCX 8/21/20 C9	2.18y	2.27y	2.22y	71.04	12	6242	9.00	1) FCX 8/21/20 P9	.38y	.44y	.43y	70.16	1013	17560
7) FCX 8/21/20 C10	1.50y	1.55y	1.47y	66.30	163	17763	10.00	42) FCX 8/21/20 P10	.70y	.74y	.73y	66.29	46	6927
8) FCX 8/21/20 C11	1.00y	1.04y	1.04y	65.90	189	14679	11.00	43) FCX 8/21/20 P11	1.17y	1.24y	1.16y	64.78	113	5489
9) FCX 8/21/20 C12	.61y	.66y	.63y	64.08	216	47493	12.00	44) FCX 8/21/20 P12	1.80y	1.86y	1.76y	63.70	7	4592
10) FCX 8/21/20 C13	.37y	.40y	.39y	63.28	92	7548	13.00	45) FCX 8/21/20 P13	2.55y	2.70y	2.50y	66.43	30	1304
18-Sep-20 (82d); CSize 100; R .31							5	18-Sep-20 (82d); CSize 100; R .31						
11) FCX 9/18/20 C9	2.32y	2.44y	2.39y	68.32	26	206	9.00	46) FCX 9/18/20 P9	.55y	.59y	.55y	67.98	4	121
12) FCX 9/18/20 C10	1.68y	1.79y	1.86y	65.43	30	202	10.00	47) FCX 9/18/20 P10	.90y	.95y	.92y	64.91	3	148
13) FCX 9/18/20 C11	1.19y	1.25y	1.28y	63.29	44	429	11.00	48) FCX 9/18/20 P11	1.38y	1.44y	1.40y	63.06		202
14) FCX 9/18/20 C12	.79y	.85y	.82y	61.39	31	241	12.00	49) FCX 9/18/20 P12	1.92y	2.08y	2.10y	60.51		24
15) FCX 9/18/20 C13	.50y	.56y	.53y	59.82	18	211	13.00	50) FCX 9/18/20 P13	2.69y	2.77y	2.90y	60.66		2
20-Nov-20 (145d); CSize 100; R .30							5	20-Nov-20 (145d); CSize 100; R .30						
16) FCX 11/20/20 C9	2.54y	2.79y	2.75y	64.37	20	1190	9.00	51) FCX 11/20/20 P9	.89y	.95y	.92y	67.58	20	1728
17) FCX 11/20/20 C10	2.10y	2.24y	2.21y	66.47	9	4105	10.00	52) FCX 11/20/20 P10	1.30y	1.36y	1.27y	65.38		5373
18) FCX 11/20/20 C11	1.62y	1.72y	1.70y	64.38	82	3347	11.00	53) FCX 11/20/20 P11	1.81y	1.87y	1.81y	63.94	17	4515
19) FCX 11/20/20 C12	1.17y	1.29y	1.32y	61.40	58	2820	12.00	54) FCX 11/20/20 P12	2.39y	2.47y	2.51y	61.86		676
20) FCX 11/20/20 C13	.89y	.96y	.96y	60.68	30	7982	13.00	55) FCX 11/20/20 P13	3.05y	3.20y	3.19y	61.26		415

FCX

- Earnings are July 24th.
- Buy 30 of the November 11 Puts for \$1.85 each. Total Debit of \$5,550
- Sell 20 of the August 9 Puts for \$.40 each. Total Credit of -\$800.
- Total net premium of \$4,750.
- Best case scenario is stock stays above \$9 till August expiration.
- Should the stock then go to \$5 by November, you make \$13,050.
- $(11 - 5) \times 30 \times 100 - \$4,950 = \$13,250$. 2.8 to 1 Risk Reward. $(\$13,050 / \$4,750)$ – Scenario 1
- If the stock goes to \$9.42 on November expiration, then you break even. $(\$4,950 / 3000 = 1.58)$ – Scenario 2
- If the stock never goes down, then you lose your premium of \$4,750. – Scenario 3
- If the stock goes down a lot by August expiration to say \$7, let's examine that.

FCX - Continued

- On the August puts, you lose \$3,200. $[(9 - 7) \times 20 \times 100 - \$800] = -\$3,200$.
- On the November puts, the option has an intrinsic value of \$4 (11 - 7). The Puts should have a time value of \$0.50. The Puts will have a P&L of $\$7,950 (\$4.5 \times 3000 - \$5,550) = \$7,950$
- So the net P&L on the spread is \$4,750. – Scenario 4
- Again, there are many scenarios where the trade is profitable.