

## Trade Alert - (AMZN) - BUY

## BUY the Amazon (AMZN) *March* 2020 \$1,700-\$1,800 in-the-money vertical BULL CALL spread at \$88.00 or best

**Opening Trade** 

2-26-2019

expiration date: September 20, 2019

Portfolio weighting: 10%

**Number of Contracts = 1 contracts** 

I am going to step my toe back in the market with Amazon, which has lagged the other FANG stocks.

With the Volatility Index (VIX) at an incredible \$26, the risk/reward for a very deep in-the-money vertical call spread on the highest quality names is very favorable.

I believe that Amazon (AMZN) shares are oversold in the extreme, and that there is some nice cherry picking to be had. This is a stock that you want to hide behind the radiator and keep forever.

I am therefore buying the Amazon (AMZN) *September* 2019 \$1,700-\$1,800 in-the-money vertical BULL CALL spread at \$88.00 or best.

Don't pay more than \$95.00 or you'll be chasing.

## If you don't do options buy the stock outright for an extreme oversold bounce.

This is a bet that Amazon shares will **NOT** fall below \$1,800 by the March 20 option expiration date in 17 trading days. In other words, it is a bet that (AMZN) won't fall by more than 186 points in three weeks.

This is also a bet that we are not already in a recession, which I believe is still at least 6-12 months off.

Here are the specific trades you need to execute this position:

Buy 1 March 2020 (AMZN) \$1,700 calls at	.\$296.00
Sell short 1 March 2020 (AMZN) \$1,800 calls at	<u>\$208.00</u>
Net Cost:	\$88.00

Potential Profit: \$100.00 - \$88.00 = \$12.00

(1 X 100 X \$12.00) = \$1,200 or 13.36% in 17 trading days.

Statistics						
Financial Instr AMZN	rument	Opt. Volume 3.32K	Put/Call Volume 0.	Opt. Volume Change % .44 1.364%	Hist. Vol. Close % 36.711%	Opt. Implied Volatility % 6 31.5%
Buttons Add Underlying	Preview Order/Check Margin Ir	npact Close Position	n Reverse Position	View Account		
Trading ————————————————————————————————————						
Orders	Trades Portfol	io Strategy Build	der			
Strategies V B/	A: 4 83.45 98	.85 1 Debit	Reverse Add	Stock Make Delta Neutr	ai Bull Spread	
Action Ratio Las Buy 1 MAR 2 Sell 1 MAR 2		Type Mitpir X Call 100 X Call 100 X				
+ Add Leg			imes Clear All Legs			
Place order:	1 DAY 👻 LMT	8 D Tr	ansmit Add to Q	uote Panel Profile		
Option Chains ——						
MAR 06 '20" 9 DAYS		MAR 20 '20 N 23 DAYS	1AR 27 '20* MOR 30 DAYS	RE 🔻		
			CALLS			





To see how to enter this trade in your online platform, please look at the order ticket below, which I pulled off of *Interactive Brokers*.

If you are uncertain on how to execute an options spread, please watch my training video on *"How to Execute a Vertical Bull Call Spread"* by clicking here at <a href="http://members.madhedgefundtrader.com/ltt-vbpds/">http://members.madhedgefundtrader.com/ltt-vbpds/</a>

The best execution can be had by placing your bid for the entire spread in the middle market and waiting for the market to come to you. The difference between the bid and the offer on these deep in-the-money spread trades can be enormous.

Don't execute the legs individually or you will end up losing much of your profit. Spread pricing can be very volatile on expiration months farther out. Keep in mind that these are ballpark prices at best. After the alerts go out, prices can be all over the map.