



Trade Alert - (MSFT) - BUY

BUY the Microsoft (MSFT) September 2020 \$180-\$190 in-the-money vertical BULL CALL spread at \$9.30 or best

Opening Trade

8-24-2019

expiration date: September 18, 2020

Portfolio weighting: 10%

Number of Contracts = 11 contracts

You always want to use stock market weakness to buy the Cadillacs and Rolls Royce's of the world at fire sale prices.

You don't get any better quality than Microsoft (MSFT) in the tech world. It is the safest stock in which to invest today. This is a stock that you want to hide behind the radiator and keep forever. It is also one of the great turnaround stories of the decade. Microsoft was the only company that did not see a share price fall in Q1.

In addition, this particular combination of strikes prices gives you huge support at the 50-day moving average at \$204. Please note this option spread will be profitable whether the market goes up, sideways, or down moderately over the next ten days.

I am therefore buying the Microsoft (MSFT) June 2020 \$180-\$190 in-the-money vertical BULL CALL spread at \$9.30 or best.

I know prices are all over the map right now, but you get the general idea. If you can't get this one done, move your strike prices up \$5.

Only use a limit order. **DO NOT USE MARKET ORDERS UNDER ANY CIRCUMSTANCES.**

Simply enter your limit order, wait five minutes, and if you don't get done cancel your order and raise your bid by ten cents with a second order.

Don't pay more than \$9.50 or you'll be chasing.

If you don't do options buy the stock outright for a long term play.

This is a bet that Microsoft shares will **NOT** fall below **\$190.00** by the September 18 option expiration date in 18 trading days.

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

Buy 11 September 2020 (MSFT) \$180 calls at.....	\$34.00
Sell short 11 September 2020 (MSFT) \$190 calls at.....	<u>\$25.70</u>
Net Cost:.....	\$9.30

Potential Profit: $\$10.00 - \$9.30 = \$0.70$

$(11 \times 100 \times \$0.70) = \770 or 7.52% in 18 trading days.

Financial Instrument	Opt. Volume	Put/Call Volume	Opt. Vol Chng %	Hist. Vol. Close %
MSFT	292K	0.39	77.321%	28.187%

Buttons
Add Underlying
Preview Order/Check Margin Impact
Close Position
Reverse Position
View Account

Trading

Orders
Log
Trades
Portfolio
Strategy Builder

Strategies ▼
B/A: 75
9.15 9.65 2
Debit
Reverse
Add Stock
Make Delta Neutral
Bull Spread

Action	Ratio	LastTrdDay	Strike	Type	Mltplr	
Buy	1	SEP 18 '20	180	Call	100	✗
Sell	1	SEP 18 '20	190	Call	100	✗

+ Add Leg
✗ Clear All Legs

Place order:
DAY ▼
LMT
D
Transmit
Add to Quote Panel
Profile

Option Chains

SEP 04 '20*
14 DAYS
SEP 11 '20*
21 DAYS
SEP 18 '20
28 DAYS
SEP 25 '20*
35 DAYS
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The optics today look utterly different from when Bill Gates was roaming around the corridors in the Redmond, Washington headquarter and that is a good thing in 2018.

Current CEO Satya Nadella has turned this former legacy company into the 2nd largest cloud competitor to Amazon and then some.

Microsoft Azure is rapidly catching up to Amazon in the cloud space because of the Amazon-effect working in reverse. Companies don't want to store proprietary data to Amazon's server farm when they could possibly destroy them down the road. Microsoft is mainly a software company and gained the trust of many big companies especially retailers.

Microsoft is also on the vanguard of the gaming industry taking advantage of the young generation's fear of outside activity. Xbox related revenue is up 36% YOY, and its gaming division is a \$10.3 billion per year business. Microsoft Azure grew 87% YOY last quarter.

To see how to enter this trade in your online platform, please look at the order ticket above, 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 <http://members.madhedgefundtrader.com/ltt-vbpds/>

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.

