



Trade Alert - (JPM) – BUY

BUY the JP Morgan (JPM) *December 2020* \$85-\$90 in-the-money vertical Bull Call spread at \$4.40 or best

Opening Trade

11-5-2020

expiration date: December 18, 2020

Portfolio weighting: 10%

Number of Contracts = 23 contracts

This is a great low risk conservative trade perfect for entry level investors.

If you believe that the US will see a massive economic recovery after the pandemic winds down, then banks are your play. Interest rates will rise, default rates will go down, and the volume of new business will balloon.

Another big plus for the sector is that the entire banking sector is selling at decade low valuations and huge discounts to book value. Banks have been in the penalty box for so long investors forgot what they looked like.

As we saw last week, even a small rise in interest rates can have a hugely positive influence on bank stocks.

I believe that impending massive government borrowing and spending will drive US rates up and the value of the US dollar down.

Covid-19 is rapidly approaching its third peak. Total US deaths could reach the 1919 Spanish Flu 625,000 peak by the time it is all over. This will be our final hyperbolic peak. After that, a vaccine will become widely available and more herd immunity will kick in. The pandemic will go away.

I am therefore buying the JP Morgan (JPM) *December 2020* \$85-\$90 in-the-money vertical Bull Call spread at \$4.40 or best. Don't pay more than \$4.60 or you'll be chasing.

Stock players buy the shares, which probably have a double in them over the next three years.

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 increase your bid by 5 cents with a second order.

This is a bet that JP Morgan (JPM) will not fall below \$90 by the December 20 option expiration day in 30 trading days.

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

Buy 23 December 2020 (JPM) \$85 calls at.....\$18.00
Sell short 23 December 2020 (JPM) \$90 calls at.....\$13.60
Net Cost:.....\$4.40

Potential Profit: $\$5.00 - \$4.40 = \$0.60$

$(23 \times 100 \times \$0.60) = \$1,380$ or 13.63% in 30 trading days.

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

Trading: Orders, Log, Trades, Portfolio, Strategy Builder

Strategies: B/A: 108 **4.20** **4.80** 77 **Debit** Reverse Add Stock Make Delta Neutral Bull Spread

Action	Ratio	LastTrdDay	Strike	Type	Mltplr	X
Buy	1	DEC 18 '20	85	Call	100	X
Sell	1	DEC 18 '20	90	Call	100	X

+ Add Leg Clear All Legs

Place order: 23 DAY LMT 4.... D Transmit Add to Quote Panel Profile

Option Chains: DEC 04 '20* (29 DAYS), DEC 11 '20* (36 DAYS), **DEC 18 '20** (43 DAYS), DEC 24 '20* (49 DAYS), MORE



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 <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.

