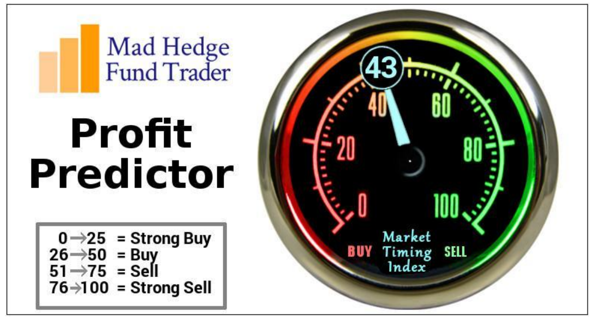


Trade Alert - (TLT) – BUY

BUY the iShares Barclays 20+ Year Treasury Bond Fund (TLT) *March* 2022 $150-$153 in-the-money vertical Bear Put spread at $2.40 or best

Opening Trade

1-24-2022

expiration date: March 18, 2022

Portfolio weighting: 10%

Number of Contracts = 40 contracts

The outlook for the bond market is so awful that I am going out two months to the March 18 expiration for this trade. This should net me a nice 25% profit in two months.

With the Fed hinting that it may start selling its massive $9 trillion in US Treasury bond holds, it’s all over but the crying.

We have just seen a nice $4.50-point rally in the (TLT) which I am more than happy to sell into.

Treasury bonds have in fact been in a steep downtrend that began in November.

People are not taking a 1.74% yield on the ten-year US Treasury bond against a 7.0% inflation rate generating a negative 5.25% real yield because they think it's a great deal.

I am therefore buying the **iShares Barclays 20+ Year Treasury Bond Fund (TLT)** ***March*** **2022 $150-$153 in-the-money vertical Bear Put spread at $2.40 or best**

Don't pay more than $2.60 or you'll be chasing on a risk/reward basis.

If you don't play options, just go out and buy the ProShares Ultra Short Treasury Bond Fund (TBT) outright.

The long-term outlook for fixed income is absolutely awful. The next big rotation in the markets will be for tech and bonds to peak out and for financials to bounce hard off a bottom. This will result from coming major upgrades in economic growth, which analysts and strategists are wildly underestimating.

As soon as everyone gets the parts and labor they want, it is going to be off to the racees. Add to that a Fed taper on monetary stimulus and interest rates will soar.

With 2022 expected to be one of the strongest years for economic growth in history, there is no chance you'll see a major rally in the US Treasury bond market from here. The only question is how fast it will fall.

This trade is basically betting that interest rates will rise in front of the biggest borrowing in human history.

To lose money on this trade, the ten-year US Treasury yield would have to drop below 1.40% in five weeks, which is highly unlikely.

The fundamentals of this trade are very simple. The national debt rose to an eye-popping $30 trillion in 2021. In 2022, it is expected to explode to $33 trillion.

The US Treasury demands on the bond market are going to be incredible.

It is almost mathematically impossible for bond prices to rise and interest rates to fall substantially from here. They can only go sideways at best, or down big in the worst case. Sounds like a great short to me.

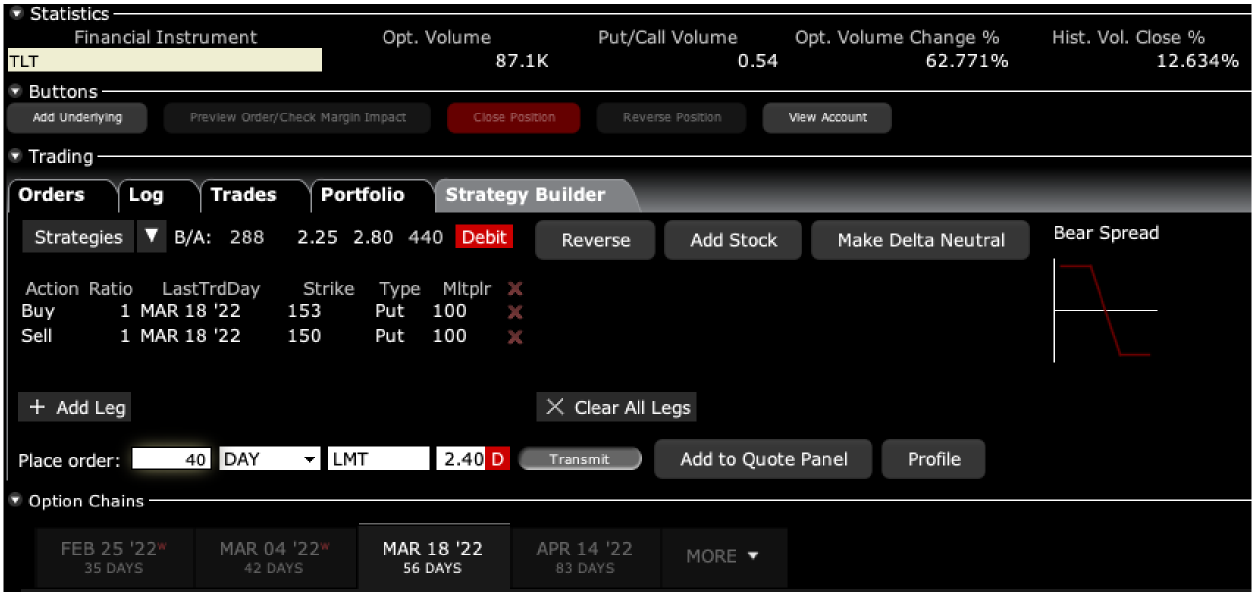
This is a bet that the (TLT) will not rise above $150.00 by the March 18 option expiration in 40 trading days. To lose money on this position, ten-year US Treasury yields would have to plunge to 1.40% from the current 1.74%, which they won't. Yields are more likely to go to 2.0% first.

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

Buy 40 March 2022 (TLT) $153 puts at…………………..……$11.00
Sell short 40 March 2022 (TLT) $150 puts at...…...………$8.60
Net Cost:………………………….………..…………….....$2.40

Potential Profit: $3.00 - $2.40 = $0.60

(40 X 100 X $0.60) = $2,400 or 25.00% in 40 trading days.


Statistics
Financial Instrument
TLT
Opt. Volume
87.1K
Put/Call Volume
0.54
Opt. Volume Change %
62.771%
Hist. Vol. Close %
12.634%
Buttons
Add Underlying
Preview Order/Check Margin Impact
Close Position
Reverse Position
View Account
Trading
Orders
Log
Trades
Portfolio
Strategy Builder
Strategies
B/A: 288 2.25 2.80 440 Debit
Reverse
Add Stock
Make Delta Neutral
Bear Spread
Action Ratio LastTrdDay Strike Type Mltplr
Buy 1 MAR 18 '22 153 Put 100
Sell 1 MAR 18 '22 150 Put 100
Add Leg
Clear All Legs
Place order: 40 DAY LMT 2.40 D
Transmit
Add to Quote Panel
Profile
Option Chains
FEB 25 '22 35 DAYS
MAR 04 '22 42 DAYS
MAR 18 '22 56 DAYS
APR 14 '22 83 DAYS
MORE


TLT iShares 20+ Year Treasury Bond ETF Nasdaq GM + BATS
© StockCharts.com
21-Jan-2022 11:07am Open 143.40 High 144.10 Low 143.04 Last 143.06 Volume 11.0M Chg +1.12 (+0.79%)
RSI(14) 44.37
TLT (Daily) 143.06
MA(50) 147.07
MA(200) 144.39
Volume 11,035,910
MACD(12,26,9) -1.691, -1.588, -0.103
Aug 9 16 23 Sep 7 13 20 27 Oct 11 18 25 Nov 8 15 22 Dec 6 13 20 27 2022 10 18


TBT ProShares UltraShort 20+ Year Treasury NYSE + BATS
© StockCharts.com
21-Jan-2022 11:20am
Open 17.93 High 18.05 Low 17.75 Last 18.03 Volume 3.9M Chg -0.28 (-1.53%)
RSI(14) 54.66
TBT (Daily) 18.03
MA(50) 17.22
MA(200) 18.31
Volume 3,870,180
MACD(12,26,9) 0.364, 0.336, 0.028
Aug 9 16 23 Sep 7 13 20 27 Oct 11 18 25 Nov 8 15 22 Dec 6 13 20 27 2022 10 18


$TNX CBOE 10-Year US Treasury Yield INDX
©StockCharts.com
21-Jan-2022 11:20am
Open 17.72 High 17.85 Low 17.33 Last 17.62 Chg -0.71 (-3.87%)
RSI(14) 59.13
$TNX (Daily) 17.62
MA(50) 15.75
MA(200) 14.91
Volume undef
MACD(12,26,9) 0.792, 0.701, 0.091

The Fat Lady is Singing for the Bond Market

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 Bear Put 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.