

Trade Alert - (TLT) – BUY

BUY the iShares Barclays 20+ Year Treasury Bond Fund (TLT) *January 2023* \$95-\$98 in-the-money vertical Bull Call spread at \$2.60 or best

Opening Trade

12-6-2022

expiration date: January 20, 2023

Portfolio weighting: 10%

Number of Contracts = 40 contracts

As I expected, bonds have gone on an absolute tear from the October 14 low. Therefore, I think I can afford to be aggressive and move from a double to triple weighting on the long side.

Since I started playing bonds on the long side, prices have soared \$16.00, taking ten-year US Treasury yields down from 4.46% to only 3.50%. My rich uncle is back from his long vacation, but now, he's playing from the long side.

The fabulous CPI report last month, taking the inflation rate down from 8.7% to 7.7% in one fell swoop, has completely turned the bond market around.

In a heartbeat, we went from super bear to hyper bull.

The reasons are very simple.

*Ultra-high interest rates will force a mild recession in early 2023.

*Then suddenly, inflation will plummet.

*We know this has already started because the largest element in the inflation calculation is housing costs, which are in free fall.

*The Fed will panic and deliver 2023 the sharpest *DECLINE* in interest rates in American history.

Kaching!

If you think I'm out of my mind, just look at the top performers of the historic stock market rally last week, many of which were across the fixed income space.

I am therefore buying the **iShares Barclays 20+ Year Treasury Bond Fund (TLT) January 2023 \$95-\$98 in-the-money vertical Bull Call spread at \$2.60 or best.**

Don't pay more than \$2.70 or you'll be chasing on a risk/reward basis.

The only way to lose money on this position is if the US economy absolutely catches on fire and sends interest rates soaring in the next month. As we are on the verge of a possible mild recession, I highly doubt this is going to happen.

This is a bet that the (TLT) will not fall below \$98.00 by the January 20 options expiration in 31 trading days.

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

Buy 40 January 2023 (TLT) \$95 calls at	\$11.00
Sell short 40 January 2023 (TLT) \$98 calls atm.....	\$8.40
Net Cost:.....	\$2.60

Potential Profit: $\$3.00 - \$2.60 = \$0.40$

$(40 \times 100 \times \$0.40) = \$1,600$, or 16.00% in 31 trading days.

Quote Panel

Financial Instrument: **TLT** Bid Size: 16,300 Bid: 105.30 Ask: 105.31

Statistics

Financial Instrument	Opt. Volume	Put/Call Volume	Opt. Vlm Chng %	Hist. Vol. Close %	IV Last
TLT	213K	0.57	121.548%	20.409%	20.4%

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

Trading

Orders Log Trades Portfolio Strategy Builder

Strategies: B/A: 59 2.50 2.90 1 Debit Reverse Add Stock Make Delta Neutral Bull Spread

Action	Ratio	LastTrdDay	Strike	Type	Mltplr	
Buy	1	JAN 20 '23	95	Call	100	Consolidated
Sell	1	JAN 20 '23	98	Call	100	Consolidated

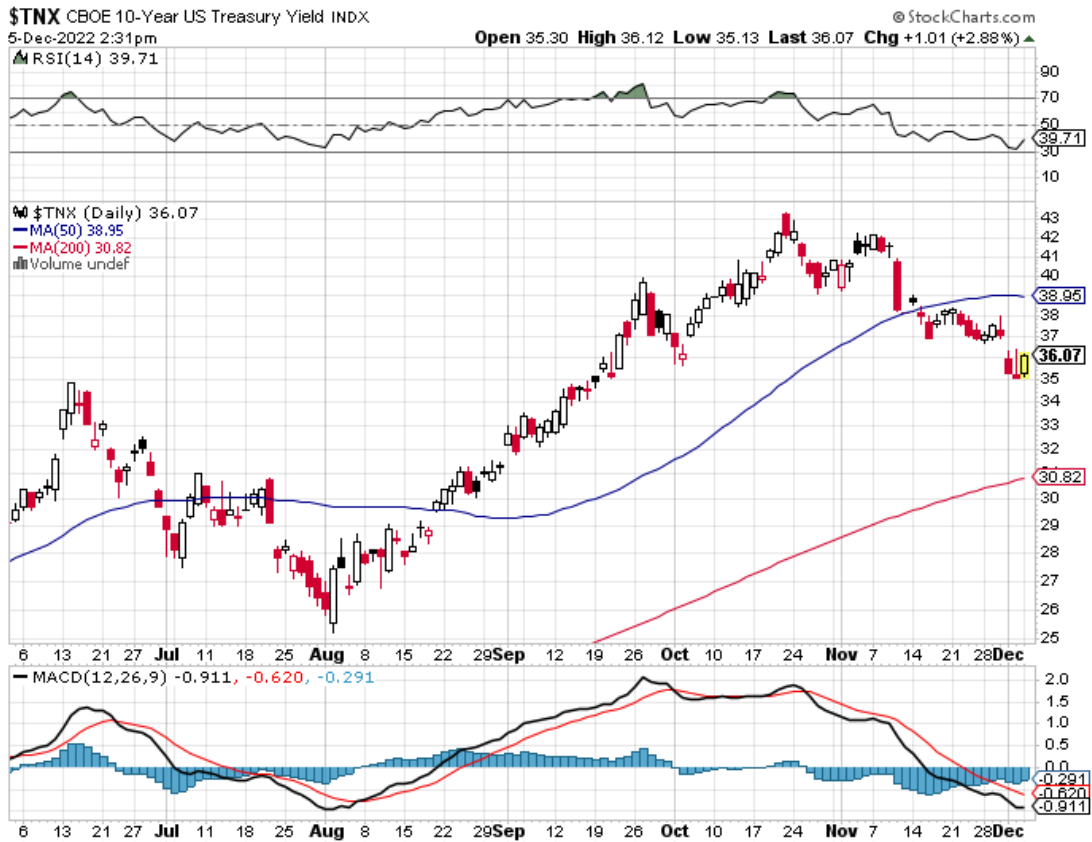
+ Add Leg Clear All Legs

Place order: 40 DAY LMT 2.60 D Transmit Add to Quote Panel Profile

Option Chains

JAN 06 '23* 32 DAYS JAN 13 '23* 39 DAYS JAN 20 '23 46 DAYS FEB 17 '23 74 DAYS MORE





It's now the Opening Act 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 Bull Call Spread”* by clicking here at <https://www.madhedgefundtrader.com/ltt-vbcs/>

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.

This is not a solicitation to buy or sell securities

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Futures trading involves a high degree of risk and may not be suitable for everyone.