

# THE BREAKOUT BULLETIN

Presented by  and 

## Last Week's Trade Ideas

The S&P 500 firmed significantly to end last week, and continues to show that the 200-Day Moving Average is providing strong support. Importantly, VIX and ICJ continue to fall, and this is occurring as we push through earnings, so many names are testing inflection points while pushing their IV to lows. This is great for the new setups that I wanted to see going through earnings season. The macro question I will have to watch is if the S&P 500 can use its break out from the wedge formation to press through it's prior resistance at the 100-Day Moving Average and more aggressively break out of its recent range. Time will tell.

The following trades were highlighted during the week as trades I was looking at for entries, holding, or considering exits:

Date	Stock	Trade Idea	Highlighted Entry Price	Exit Day	Exit Price	Current Price	% Return
4/19/2018	LB	5/4 \$34.5 Put	\$0.48	5/1/2018	\$0.60		25%
4/5/2018	AEO	5/4 \$22 Call	\$0.39	5/4/2018	\$0.00		(100%)
4/17/2018	BB	5/4 \$11 Call	\$0.21	5/4/2018	\$0.00		(100%)
4/17/2018	KORS	5/11 \$96.5 Call	\$0.70			\$0.00	(100%)
4/18/2018	TLRD	5/18 \$32 Call	\$0.80			\$0.50	(38%)
4/26/2018	LULU	5/18 \$102 Call	\$1.16			\$0.50	(57%)
4/26/2018	GLNG	5/18 \$35 Call	\$0.55			\$0.70	27%
5/1/2018	AMD	6/8 \$12 Call	\$0.24			\$0.38	58%
5/4/2018	V	6/1 \$131 Call	\$1.02			\$1.40	37%
5/4/2018	VALE	6/1 \$15 Call	\$0.18			\$0.15	(17%)

### *LB – April 19<sup>th</sup>, 2018*

I exited the LB puts as they went in-the-money, the stock made a 52-week low, then showed signs of a bounce.

### *AEO – April 5<sup>th</sup>, 2018; BB – April 17<sup>th</sup>, 2018*

These options expired on Friday.

### *KORS – April 17<sup>th</sup>, 2018*

KORS looked great, then liquidated on TPR's poor earnings. I will re-visit if the stock rallies significantly, but these options appear to be extremely unlikely to come into play.

### *TLRD – April 18<sup>th</sup>, 2018*

TLRD is forming a wedge that will dictate whether I hold for another run higher or look to exit. This should have an answer early this week.

***LULU – April 26<sup>th</sup>, 2018***

LULU liquidated on Friday but is looking to bounce back today. If the stock can re-take \$99.00 (May 3<sup>rd</sup> low), I will look to hold, but otherwise, this looks like a position that I will work to exit into a bounce.

***GLNG – April 26<sup>th</sup>, 2018***

GLNG has quietly broken out. IV remains cheap, and this show great technical signs. I really like this position here.

***AMD – May 1<sup>st</sup>, 2018***

AMD looks great with the Friday and Monday combined moves. The stock is now above the 100-Day Moving Average and is at a new post-earnings high while IV remains low. This is setting up very nicely.

***V – May 4<sup>th</sup>, 2018***

V broke out today while IV remains cheap. This is a position I am happy to let run.

***VALE – May 4<sup>th</sup>, 2018***

VALE is testing near highs, but has not yet confirmed the break out. With the low IV and minimal Theta in June 1<sup>st</sup> options, I can watch this to see how it plays out for a few days.

## This Week's Watch List

These are some of the Trade Ideas that will be on my Watch List to start the week. If/when the Breakout Level is breached, I will look into the term structure and skew for more precise option entry. As it stands, the technical and option setups look favorable to possibly trigger a trade idea.

### ETFC

ETFC has been consolidating and is now testing highs. My Breakout Level is the May 2<sup>nd</sup> high at \$61.93:



Screenshot from LiveVol

As long as IV is under 26%, I like executing the trade with 3-week out, 30-Delta Calls:



Screenshot from LiveVol

INCY

INCY is still sitting near lows after a small bounce at the end of the week. My Breakdown Level will be a new low below the May 3<sup>rd</sup> low of \$60.23 and my Breakout Level (short-squeeze setup) will be a close above the 20-Day Moving Average (currently at \$65.65):



Screenshot from LiveVol

IV under 48% is very cheap historically, so I like this with May 18<sup>th</sup> 30-Delta options:



Screenshot from LiveVol

### NVCR

NVCR has been consolidating at highs for about a week, and looks to break out above my Breakout Level at Friday's high of \$28.18:



Screenshot from LiveVol

Implied Volatility under 44% is very cheap, but there are a lack of strikes here. June 15<sup>th</sup> \$30 calls look very good to me for executing this trade as long as the IV remains cheap:



Screenshots from LiveVol

QD

QD is getting a bounce off lows, but this could easily be a dead-cat bounce. My Breakdown Level will be a close below the May 4<sup>th</sup> low of \$9.55 while my Breakout Level will be a close above the 20-Day Moving Average (currently 10.25):



Screenshot from LiveVol

IV under 60% is cheap, so I will be watching 30-Delta June 15<sup>th</sup> options on a breach of my levels:



Screenshots from LiveVol

SC

SC broke out this morning but pulled back from highs. A close above the May 2<sup>nd</sup> high of \$18.93 will be my Breakout Level:



Screenshot from LiveVol

Implied Volatility under 30% is cheap, and I will now be watching June 15<sup>th</sup> \$20 calls as the IV there is a ridiculous 24% (mid-market):



Screenshots from LiveVol

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