

# THE BREAKOUT BULLETIN

Presented by  and 

## Last Week's Trade Ideas

The S&P 500 continues to be strong while Nasdaq and the Russell 2000 make new all-time highs. VIX is falling. ICJ is falling. More ideas (more frequently on the long side due to the overall market strength) continue to appear. On that point, I will continue to add, but also look to take money on names that move 2+ standard deviations in a day, need to be re-levered, or are losing momentum.

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
5/24/2018	M	6/22 \$35.5 Call	\$0.58	6/5/2018	\$3.00		417%
5/7/2018	NVCR	6/15 \$30 Call	\$0.78	6/6/2018	\$1.65		113%
6/1/2018	AMD	6/29 \$15 Call	\$0.37	6/6/2018	\$1.00		170%
5/17/2018	RIOT	6/8 \$9.5 Call	\$0.35	6/8/2018	\$0.00		(100%)
5/21/2018	CSX	6/15 \$66 Call	\$0.64	6/8/2018	\$1.29		102%
5/21/2018	AOBC	6/8 \$12 Call	\$0.20	6/8/2018	\$0.77		285%
5/7/2018	SC	6/15 \$20 Call	\$0.27			\$0.00	(100%)
5/8/2018	PTC	6/15 \$90 Call	\$1.30			\$2.50	92%
5/22/2018	RF	6/15 \$20 Call	\$0.20			\$0.03	(85%)
5/30/2018	NUS	6/15 \$85 Call	\$0.60			\$0.20	(67%)
5/30/2018	LB	6/22 \$37 Call	\$0.60			\$1.05	75%
5/30/2018	PENN	7/20 \$37 Call	\$0.70			\$0.15	(79%)
6/1/2018	SQ	6/15 \$61.5 Call	\$0.91			\$1.05	15%
6/1/2018	NFLX	6/22 \$370 Call	\$3.80			\$4.10	8%
6/1/2018	OAS	7/20 \$15 Call	\$0.43			\$0.20	(53%)
6/5/2018	THC	6/29 \$38 Call	\$0.80			\$1.80	125%
6/6/2018	NVCR	6/15 \$35 Call	\$0.35			\$0.10	(71%)
6/6/2018	FITB	7/20 \$33 Call	\$0.32			\$0.44	38%
6/7/2018	SWKS	6/29 \$105 Call	\$1.20			\$0.70	(42%)
6/8/2018	AOBC	6/15 \$13 Call	\$0.17			\$0.15	(12%)
6/8/2018	CSX	6/29 \$68.5 Call	\$0.64			\$0.66	3%
6/8/2018	SIRI	7/13 \$7.5 Call	\$0.09			\$0.10	11%

### *M – May 24<sup>th</sup>, 2018*

I exited M as it had multiple days of major upside moves.

### *NVCR – May 7<sup>th</sup>, 2018 and June 6<sup>th</sup>, 2018*

NVCR is an interesting setup that looks to go higher, and I rolled my position in case the wash-out move from earlier in the week was not simply a fluke/mis-pricing due to liquidity problems in the name.

**AMD – May 18<sup>th</sup>, 2018**

AMD had a 2 standard deviation move to the upside, and so I took the money.

**RIOT – May 17<sup>th</sup>, 2018**

RIOT calls expired worthless.

**CSX – May 21<sup>st</sup>, 2018 and June 8<sup>th</sup>, 2018**

CSX broke out to new highs on Friday and so I rolled my calls to re-lever.

**AOBC – May 21<sup>st</sup>, 2018 and June 8<sup>th</sup>, 2018**

AOBC is setting up a bull flag and looks ready to take out recent highs. Given this and the cheap implied volatility for this week, I rolled my position.

**SC – May 7<sup>th</sup>, 2018**

SC is likely to expire worthless, but I will re-visit if the premium returns.

**PTC – May 8<sup>th</sup>, 2018**

PTC has a deal with Rockwell Automation that was announced this morning. I'll be looking for a move through that key \$94.50 level to take my exit here as there is a bit of profit-taking on the pop this morning. I'll update separately if/when I exit.

**RF – May 22<sup>nd</sup>, 2018**

RF bounced back but 19.60 (the May 22<sup>nd</sup> high) will be key – if it can get through that level, my calls have a chance and should pick up value quickly, but if not, they will likely expire worthless.

**NUS – May 30<sup>th</sup>, 2018**

NUS looks to be setting up a bull flag, but I'll need to see that accelerate higher quickly in order for my calls to pop.

**LB – May 30<sup>th</sup>, 2018**

LB recovered well and is setting up a bull pennant. It is also showing good support at the 10-day moving average now, and I look for this to continue higher as long as the formation confirms.

**PENN – May 30<sup>th</sup>, 2018**

I held PENN for an extra day due to flow, and the following day, it looked great. Friday it liquidated again. I'm back to looking for a bounce to exit unless it's such a strong move in a single day that it can close above the 10-day moving average.

**SQ – June 1<sup>st</sup>, 2018**

SQ pulled back and found buyers quickly. The chart continues to look good and I will continue to hold as long as the 10-day moving average continues to provide support and/or until the stock moves up enough to justify an exit.

***NFLX – June 1<sup>st</sup>, 2018***

NFLX is another name that looks to be making a quick bull flag. I need to see a new high relatively soon, but the formation here still looks good, IV is extremely cheap, and the 10-day moving average held strong.

***OAS – June 1<sup>st</sup>, 2018***

I am glad I rolled in OAS, but the pull-back annihilated the premium in my calls. That said, it seems to be finding some support here, so I will watch for how this chart formation plays out.

***THC – June 5<sup>th</sup>, 2018***

THC broke out today. If it moves 2 standard deviations in a day or starts looking like I need to re-lever, I will adjust. For now, it's a position I can sit with.

***FITB – June 6<sup>th</sup>, 2018***

FITB was added as a way to get exposure to financials in a name that looks like it could squeeze back to fill the gap. The formation still looks good for this play, so I will hold.

***SWKS – June 7<sup>th</sup>, 2018***

SWKS broke out on Thursday and got hit on Friday, but recovered back into the middle of its consolidation range. If it does not start to move in the coming days, I'll simply cut my loss.

***SIRI – June 8<sup>th</sup>, 2018***

SIRI is trending higher and made a new high on Friday. With IV incredibly cheap, I added July 13<sup>th</sup> \$7.50 calls that provide a great deal of leverage.

## 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.

### AA

AA has not been able to show any strength in this market. My Breakdown Level will be a close below the 200-Day Moving Average, currently at \$48.05:



Screenshot from LiveVol X

As long as IV stays under 33%, I like executing the trade with 3-week out, 30-Delta Puts:



Screenshot from LiveVol X

### AFL

AFL has been pressing against highs for months and may finally break out. If this happens, it could be one of those epic moves like BA that started in December, so I need to be very on top of this one. My Breakout Level is the April 26<sup>th</sup> high at \$46.19:



As long as IV is under 14%, I like executing the trade with 3-week out, 30-Delta Calls:



Screenshot from LiveVol X

**ALGN**

ALGN is consolidating after a long trend higher for the whole month of May. My Breakout Level will be the June 6<sup>th</sup> high at \$347.97:



Screenshot from LiveVol X

As long as IV is under 31%, I like executing the trade with 3-week out, 30-Delta Calls:



Screenshots from LiveVol X

### NVDA

NVDA is one of the favored stocks for the marketplace over the last year+, and it's consolidating near highs. My Breakout Level will be the June 5<sup>th</sup> high at \$266.59:



Screenshot from LiveVol X

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



Screenshots from LiveVol X

### UTX

UTX looks strong after a pullback in April. It is setting up to close above the 100-Day Moving Average for the first time in about 3 months, and this could set up a squeeze. My Breakout Level will simply be that close above the 100-Day Moving Average, currently at \$127.47:



Screenshot from LiveVol X

As long as IV is under 19%, I like executing the trade with 3-week out, 30-Delta Calls:



Screenshots from LiveVol X

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