

# THE BREAKOUT BULLETIN

Presented by  and 

## Last Week's Trade Ideas

The trade war escalation fears are finally having a significant impact on the market. VIX is very firm and the market is liquidating in some of the previously best longs. The market is likely to normalize out of these (either with a more trending down move or a recovery), and in that process of normalization, I expect ICJ to start to drop and technical patterns to clarify in individual names. For the next couple of days, it may be difficult to find clear positions, but there will still be some, particularly in names that are less directly impacted by trade fears, as those names are more likely to keep Implied Volatility low.

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
5/30/2018	PENN	7/20 \$37 Call	\$0.70	6/19/2018	\$0.15		(79%)
6/6/2018	FITB	7/20 \$33 Call	\$0.32	6/20/2018	\$0.14		(56%)
5/30/2018	LB	6/22 \$37 Call	\$0.60	6/22/2018	\$0.00		(100%)
6/1/2018	OAS	7/20 \$15 Call	\$0.43			\$0.20	(53%)
6/5/2018	THC	6/29 \$38 Call	\$0.80			\$0.25	(69%)
6/7/2018	SWKS	6/29 \$105 Call	\$1.20			\$0.05	(96%)
6/8/2018	CSX	6/29 \$68.5 Call	\$0.64			\$0.05	(92%)
6/8/2018	SIRI	7/13 \$7.5 Call	\$0.09			\$0.10	11%
6/12/2018	UTX	7/13 \$131 Call	\$1.12			\$0.17	(85%)
6/12/2018	EPD	7/20 \$30 Call	\$0.45			\$0.05	(89%)
6/13/2018	MOS	7/20 \$31 Call	\$0.53			\$0.25	(53%)
6/15/2018	SQ	6/29 \$67 Call	\$1.00			\$0.30	(70%)
6/19/2018	EXPE	7/20 \$129 - 6/29 \$131 Call Diagonal	\$1.35			\$1.15	(15%)
6/19/2018	PENN	7/20 \$35 - \$37 Call Spread	\$0.35			\$0.55	57%
6/20/2018	FITB	7/20 \$32 - \$34 Call Spread	\$0.27			\$0.17	(37%)
6/20/2018	ADM	7/20 \$47.5 Call	\$0.36			\$0.40	11%
6/22/2018	MDLZ	7/20 \$42 Call	\$0.30			\$0.42	40%

### *PENN – May 30<sup>th</sup>, 2018 and June 19<sup>th</sup>, 2018*

PENN bounced last week and I used the increased implied volatility and bull flag as a signal to execute a 1x2 call spread – replacing my low-likelihood long calls with a higher probability call spread.

### *FITB – June 6<sup>th</sup>, 2018 and June 20<sup>th</sup>, 2018*

FITB looked like it had found support at lows so I executed a call tree to replace my low probability calls with a higher probability call spread. Today's action is not good for FITB, but it is (like most names) simply trading with the market as opposed to off its own fundamental story, so I will be watching to see what comes next.

**LB – May 30<sup>th</sup>, 2018**

These calls expired on Friday.

**OAS – June 1<sup>st</sup>, 2018**

OAS rallied with the OPEC deal and is getting hit today off macro correlations. I am not particularly concerned about today's action as Friday's action was more important overall, but I expect that the market on the whole will need to bottom for this trade to work, so I will monitor closely.

**THC – June 5<sup>th</sup>, 2018**

THC is testing the low end of the range. Since these calls expire on Friday, they are very cheap here as a way to play for a move back toward recent highs. If that occurs, I'll look to roll. As long as IV stays cheap.

**SWKS – June 7<sup>th</sup>, 2018**

SWKS got destroyed by the Chinese trade talk – these calls will most likely expire worthless on Friday.

**CSX – June 8<sup>th</sup>, 2018**

CSX is performing less poorly than most stocks today, but that does not mean much for this position. I will watch this name for a re-entry into a bounce back toward highs, though.

**SIRI – June 8<sup>th</sup>, 2018**

SIRI was hit hard on a downgrade by Goldman last week, but seemed to have completed the liquidation portion of the trade on Thursday. Barring a further collapse in the stock market, I do expect a bounce back that I will look to use for an exit due to the increase in IV.

**UTX – June 12<sup>th</sup>, 2018**

UTX has broken to test recent lows on today's action – the calls are very cheap so I will look for a bounce to re-evaluate this position as a possible call diagonal trade.

**EPD – June 12<sup>th</sup>, 2018**

EPD needs more follow through from the oil sector to matter. For now, I'll let it sit and re-evaluate if it starts to firm.

**MOS – June 13<sup>th</sup>, 2018**

MOS was hit by the China trade issues and is a stock I am planning to exit into a bounce.

**SQ – June 15<sup>th</sup>, 2018**

SQ got hit on the China trade issues and will be a name I look to exit into a bounce as the liquidation has been extreme the last couple of days.

**EXPE – June 19<sup>th</sup>, 2018**

Until today, EXPE has been trending higher. Let's see what happens in the coming days to see if the trend will continue or if this one is over.

***ADM – June 20<sup>th</sup>, 2018***

ADM still looks good – it's not moving down much today at all given the market collapse, so I am happy to continue to hold this name.

***MDLZ – June 22<sup>nd</sup>, 2018***

MDLZ looks great today, actually – higher on a down day for the market is an incredible feat. This is one of the best looking setups I see anywhere in the market.

### 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.

#### ALB

ALB has struggled to find any buying, and with the market taking a turn, it is still trading near lows. However, if the market firms, this could set up a short-squeeze. My Breakdown Level will be the June 19<sup>th</sup> low at \$90.24 and my Breakout Level will be the June 12<sup>th</sup> high at \$97.75:



As long as IV is under 27%, I like executing the trade with 3-week out, 30-Delta Options:



Screenshot from LiveVol X

DSW

DSW continues to stay near highs, and this is simply a candidate for a break out to the upside here. My Breakout Level will be the May 29<sup>th</sup> high of \$26.45:



Screenshot from LiveVol X

As long as IV is under 32%, I like executing the trade with 3-week out, 30-Delta Calls:



Screenshot from LiveVol X

FOSL

FOSL is another name that continues to stay near highs. My Breakout Level is the June 22<sup>nd</sup> high of \$32.17:



Screenshot from LiveVol X

As long as IV is under 55%, I like executing the trade with 3-week out, 30-Delta Calls:



Screenshots from LiveVol X

**INCY**

INCY was an incredibly weak name that has been drifting higher for about a month. As the stock starts to turn, I am watching for it to re-test lows. My Breakdown Level will be the 20-Day Moving Average, currently at \$70.33:



Screenshot from LiveVol X

As long as IV is under 40%, I like executing the trade with 3-week out, 30-Delta Puts:



Screenshots from LiveVol X

**MNST**

MNST consolidated for a couple of weeks and broke out on Friday. Today it is still firm, so I will use today's high of \$57.30 as my Breakout Level:



Screenshot from LiveVol X

As long as IV is under 22%, I like executing the trade with 3-week out, 30-Delta Calls:



Screenshots from LiveVol X

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