

# THE BREAKOUT BULLETIN

Presented by  and 

## Last Week's Trade Ideas

The trade war escalation fears continue to chop up the market. The beginning of new months has traditionally seen equity in-flows, but that trend may be at-risk of failing this month due to the trade rhetoric. We will see what happens in the first few days, but higher VIX is not making it easy to find a lot of high leverage setups. There are some showing up here-and-there, and I will continue looking for new entries, but would expect to see them more likely to appear on positive market action. If the market gets positive action, I will look for bull flags initially and bear flags or possible long liquidations a few days later. Negative price action will likely lead to fewer new ideas while scanning for ideas that still fit the mold, as the firm VIX has not given many low volatility setups at this time.

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
6/5/2018	THC	6/29 \$38 Call	\$0.80	6/29/2018	\$0.00		(100%)
6/7/2018	SWKS	6/29 \$105 Call	\$1.20	6/29/2018	\$0.00		(100%)
6/8/2018	CSX	6/29 \$68.5 Call	\$0.64	6/29/2018	\$0.00		(100%)
6/15/2018	SQ	6/29 \$67 Call	\$1.00	6/29/2018	\$0.00		(100%)
6/1/2018	OAS	7/20 \$15 Call	\$0.43			\$0.20	(53%)
6/8/2018	SIRI	7/13 \$7.5 Call	\$0.09			\$0.03	(67%)
6/12/2018	UTX	7/13 \$131 Call	\$1.12			\$0.25	(78%)
6/12/2018	EPD	7/20 \$30 Call	\$0.45			\$0.05	(89%)
6/13/2018	MOS	7/20 \$31 Call	\$0.53			\$0.16	(70%)
6/19/2018	EXPE	7/20 \$129 - 6/29 \$131 Call Diagonal	\$1.35			\$0.40	(70%)
6/19/2018	PENN	7/20 \$35 - \$37 Call Spread	\$0.35			\$0.50	43%
6/20/2018	FITB	7/20 \$32 - \$34 Call Spread	\$0.27			\$0.10	(63%)
6/20/2018	ADM	7/20 \$47.5 Call	\$0.36			\$0.36	0%
6/22/2018	MDLZ	7/20 \$42 Call	\$0.30			\$0.40	33%
6/26/2018	THC	7/20 \$39.5 Call	\$0.75			\$0.20	(73%)
6/29/2018	EXC	7/20 \$44 Call	\$0.14			\$0.15	7%
6/29/2018	INCY	7/20 \$72.5 - \$77.5 Call Spread	\$0.55			\$0.55	0%

*THC – June 5<sup>th</sup>, 2018; SWKS – June 7<sup>th</sup>, 2018; CSX – June 8<sup>th</sup>, 2018; SQ – June 15<sup>th</sup>, 2018*

These calls expired on Friday.

*OAS – June 1<sup>st</sup>, 2018*

OAS is trading near highs with low IV and a firm oil price – I am comfortable holding here with 3 weeks to expiration.

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

SIRI had 2 downgrades and looks unlikely to play. It is currently too low to do anything, but into a rally, I will see if I can salvage some premium.

***UTX – June 12<sup>th</sup>, 2018***

UTX is chopping – a move above the 100-Day Moving Average would be very helpful here, but until then, this is simply a hold due to the leverage from the cheap calls.

***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 continues to chop with China trade – with a cleaner bounce that doesn't show too much technical strength, I'll look to exit (if it shows too much strength, I prefer to keep this position or roll to a different bullish position as the market is then telling me that now is the time to be long).

***EXPE – June 19<sup>th</sup>, 2018***

EXPE may be setting up a bull flag here. As my short call expired on Friday, I will look to see if I want to change my call diagonal once I get a cleaner view of the technical setup (likely a couple of days of price action to confirm).

***PENN – June 19<sup>th</sup>, 2018***

PENN bounced and has been chopping for the week along with market chop. Overall, the setup doesn't look terrible or great, but does give a decent R&R here so I'll give the next few days of market action before I decide whether to exit.

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

FITB was looking like a bull flag on Friday but then sold off near the end of the day with global equities. Giving this a couple of days will help add clarity to the technical setup.

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

ADM is testing lows of the recent range – which is actually quite bullish that it's this lightly weak on what has happened in global equities. That said, if equities continue to fall, I will need to look to exit this and re-establish at a better time for markets.

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

MDLZ is holding up well and looks like a bull flag is forming here. This is a spot I like to hold.

***THC – June 26<sup>th</sup>, 2018***

THC was setting up a nice bull flag and then immediately washed out with no news. A few days later, it was downgraded. It actually held up well on the downgrade, but the calls here were washed out on the

news-less sell-off day and now I am looking for a bounce to salvage premium and/or reposition depending on the technical setup.

***EXC – June 29<sup>th</sup>, 2018***

EXC made a new high on Friday. With incredibly low IV, this is a good low risk trade for me.

***INCY – June 29<sup>th</sup>, 2018***

INCY looks like it should be a decent bounce play to recent highs just north of \$75 and so I like this call spread setup.

## 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.

### EXEL

EXEL is a name I am watching for a potential short-squeeze. It has sat near lows, and if the market firms, it could create the squeeze here. My Breakout Level is the June 27<sup>th</sup> high at \$21.84:



Screenshot from LiveVol X

As long as IV is under 46%, I like executing the trade with 3-week out, 30-Delta Calls:



Screenshot from LiveVol X

HRB

HRB can't seem to find a bid anywhere. It looks ready for another flush lower. My Breakdown Level will be the June 28<sup>th</sup> low at \$22.45:



Screenshot from LiveVol X

As long as IV is under 28%, I like executing the trade with 3-week out, 30-Delta Puts:



Screenshot from LiveVol X

**MDR**

MDR looks like it's ready to fall out of bed, and if so, could test the lows around \$16 (split-adjusted). My Breakdown Level is a close below Friday's low of \$19.65 (note that we are below now):



Screenshot from LiveVol X

As long as IV is under 38%, I like executing the trade with 3-week out, 30-Delta Puts. That's the element holding me up from this trade at this moment:



Screenshots from LiveVol X

### WPM

WPM has been sideways for months. It now is testing recent highs, and looks primed for a break out. My Breakout Level is the June 13<sup>th</sup> high of \$22.34:



Screenshot from LiveVol X

As long as IV is under 21%, I like executing the trade with 3-week out, 30-Delta Calls:



Screenshots from LiveVol X

WTW

WTW is consolidating and setting up a bit of a pennant here. My Breakout Level will be the June 27<sup>th</sup> high of \$102.67:



Screenshot from LiveVol X

As long as IV is under 43%, I like executing the trade with 3-week out, 30-Delta Calls:



Screenshots from LiveVol X

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