



## Trade Alert - (MSFT) - BUY

**BUY the Microsoft (MSFT) *December 2020* \$185-\$195 in-the-money vertical BULL CALL spread at \$9.00 or best**

### Opening Trade

**11-23-2019**

**expiration date: December 18, 2020**

**Portfolio weighting: 10%**

**Number of Contracts = 11 contracts**

I am going to use last week's Corona-induced 750-point dip in the Dow Average to step back into Microsoft one more time.

It's gotten to the point where if a portfolio manager **DOESN'T** own Microsoft, he risks getting fired. This is from a trader who has been buying the stock since it was \$50.

You don't get any better quality than Microsoft (MSFT) in the tech world. It is the

safest stock in which to invest today. This is a stock that you want to hide behind the radiator and keep forever. It is also one of the great turnaround stories of the decade.

In addition, this particular combination of strikes prices gives you huge support at these prices since they are discounting a full-on recession. Please note this option spread will be profitable whether the market goes up, sideways, or down small over the next seven days.

I am therefore buying the Microsoft (MSFT) *December* 2020 \$185-\$195 in-the-money vertical BULL CALL spread at \$9.00 or best.

**Don't pay more than \$9.20 or you'll be chasing.**

**Only use a limit order. DO NOT USE MARKET ORDERS UNDER ANY CIRCUMSTANCES.**

**If you don't do options, buy the stock outright lower down for a long-term hold.**

This is a bet that Microsoft shares will **NOT** fall below **\$195.00** by the DECEMBER 18 option expiration date in 19 trading days.

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

**Buy 11 December 2020 (MSFT) \$185 calls at.....\$26.00**  
**Sell short 11 December 2020 (MSFT) \$195 calls at.....\$17.00**  
**Net Cost:.....\$9.00**

Potential Profit:  $\$10.00 - \$9.00 = \$1.00$

$(11 \times 100 \times \$9.00) = \$1,100$  or 13.63% in 19 trading days.

Financial Instrument: **MSFT**    Opt. volume: **50.3K**    Put/Call volume: **0.63**    Opt. volume Change %: **16.746%**    Hist. vol. Close %: **31.262%**

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

Trading: Orders    Log    Trades    Portfolio    **Strategy Builder**

Strategies ▼    B/A: 36    **8.90**    **9.65**    20    **Debit**    Reverse    Add Stock    Make Delta Neutral    **Bull Spread**

Action	Ratio	LastTrdDay	Strike	Type	Mltplr	
Buy	1	DEC 18 '20	185	Call	100	✕
Sell	1	DEC 18 '20	195	Call	100	✕

+ Add Leg    ✕ Clear All Legs

Place order: **11**    DAY    LMT    **9....**    **D**    Transmit    Add to Quote Panel    Profile

Option Chains: NOV 27 '20\* (4 DAYS)    DEC 04 '20\* (11 DAYS)    DEC 11 '20\* (18 DAYS)    **DEC 18 '20 (25 DAYS)**    MORE ▼



The optics today look utterly different from when Bill Gates was roaming around the corridors in the Redmond, Washington headquarter and that is a good thing in 2018.

Current CEO Satya Nadella has turned this former legacy company into the 2<sup>nd</sup> largest cloud competitor to Amazon and then some.

**Microsoft Azure** is rapidly catching up to Amazon in the cloud space because of the Amazon-effect working in reverse. Companies don't want to store proprietary data to Amazon's server farm when they could possibly destroy them down the road. Microsoft is mainly a software company and gained the trust of many big companies especially retailers.

Microsoft is also on the vanguard of the gaming industry taking advantage of the young generation's fear of outside activity. Xbox related revenue is up 36% YOY, and its gaming division is a \$10.3 billion per year business. Microsoft Azure grew 87% YOY last quarter.

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](#).

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.

