



Trade Alert - (FCX) – BUY

Buy the Freeport McMoRan (FCX) April 2022 \$37-\$40 vertical bull call spread at \$2.50 or best

Opening Trade

3-14-2022

expiration date: April 14, 2022

Portfolio weighting: 10%

Number of Contracts = 40 contracts

If you can't do options, **buy the stock** on the next big dip. I expected Freeport McMoRan to make it back above \$50 in coming months.

You can't have a synchronized global economic recovery *without* a bull market in commodities. The Ukraine war and Russian sanctions have further thrown fat on the fire. Freeport McMoRan is the world's largest producer of copper and a long-time *Mad Hedge* customer.

The stock has been on a tear on the back of record Chinese buying of copper ahead of *their* economic recovery. I believe this move will continue for years. The old high for the stock in the last cycle was \$52.

In addition, with a 61.7% implied volatility in the options market compared to 22% for the S&P 500, this is a very attractive spread to add with only a 23-trading day view to the April 14 options expiration.

I am therefore buying the **Freeport McMoRan (FCX) March \$37-\$40 vertical bull call spread at \$2.50 or best**

Don't pay more than \$2.70 or you'll be chasing.

DO NOT USE MARKET ORDERS UNDER ANY CIRCUMSTANCES.

Simply enter your limit order, wait five minutes, and if you don't get done, cancel your order and increase your bid by 5 cents with a second order.

This is a bet that Freeport McMoRan will not trade below **\$40** by the April 14 options expiration day in 23 trading days.

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

Buy 40 April 2022 (FCX) \$37 calls at.....\$9.00

Sell short 40 April 2022 (FCX) \$40 calls at.....\$6.50

Net Cost:.....\$2.50

Potential Profit: $\$3.00 - \$2.50 = \$0.50$

$(40 \times 100 \times \$0.50) = \$2,000$ or 20.00% in 23 trading days.

▼ Statistics

Financial Instrument

FCX

Opt. Volume

22.3K

Put/Call Volume

0.20

Opt. Volume Change %

16.025%

Hist. Vol. Close %

45.607%

Opt. Implied Volatility %

54.7%

▼ Buttons

Add Underlying

Preview Order/Check Margin Impact

Close Position

Reverse Position

View Account

▼ Trading

Orders

Log

Trades

Portfolio

Strategy Builder

Strategies

▼

B/A: 2,974 2.35 2.70 730

Debit

Reverse

Add Stock

Make Delta Neutral

Bull Spread

Action	Ratio	LastTrdDay	Strike	Type	Mltplr	
Buy	1	APR 14 '22	37	Call	100	×
Sell	1	APR 14 '22	40	Call	100	×

+ Add Leg

✕ Clear All Legs

Place order:

40

DAY

LMT

2.50

D

Transmit

Add to Quote Panel

Profile

▼ Option Chains

APR 01 '22*

18 DAYS

APR 08 '22*

25 DAYS

APR 14 '22

31 DAYS

APR 22 '22*

39 DAYS

MORE ▼

FCX Freeport-McMoRan, Inc. NYSE + BATS

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14-Mar-2022 10:27 am

Open 46.16 High 46.22 Low 45.16 Last 45.90 Volume 3.5M Chg -1.03 (-2.19%)

▲ RSI(14) 53.38





To see how to enter this trade in your online platform, please look at the order ticket below, which I pulled off of *Interactive Brokers*.

If you are uncertain on how to execute an options spread, please watch my training video on “*How to Execute a Vertical Bear Put Spread*” by clicking here at <http://members.madhedgefundtrader.com/ltt-vbpds/>

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.

Watch Out for the Coming Copper Shock

You remember the two oil shocks, don't you? The endless lines at gas stations, soaring prices, and paying close attention to OPEC's every murmur?

Now we are about to get the 2020's, environmentally friendly, decarbonizing economy version: the copper shock.

For copper is about to become the new oil.

The causes of the coming supply crunch for the red metal are manyfold.

If you take all of the commitments to green energy made by the Paris Climate Accord, which the US just reentered, they amount to demand for copper amount to about ten times current world production.

Oops, nobody thought of that.

Copper is needed in enormous quantities to build millions of electric cars, solar panels, batteries, windmills, and long-distance transmission lines for a power grid that is going to have to triple in size. Lift a 50-pound rotor from a Tesla wheel as I have and most of the weight is in the copper.

You basically don't have a green movement without copper.

In addition, existing copper miners seem utterly clueless about the coming shortage of their commodities. Capital spending has been deferred for decades and maintenance delayed. New greenfield mines are scant and far between. Copper inventories are at a ten-year low. Mines were closed for months in 2020 thanks to a shortage of workers caused by the pandemic.

Copper is the last of the old school commodities that is still actively traded. It takes 5-10 years at a minimum to bring new mines online. By the time potential sites are surveyed, permits obtained, heavy equipment moved on site, rail lines laid, water

supplies obtained, and bribes paid, it can be a very expensive proposition.

That's why near-term prospects are only to be found in Chile, Peru, and South Africa, not your first choices when it comes to political stability.

Copper is the single best value for money conductor of electricity for which there are very few replacements. Aluminum melts and corrodes. And then there is silver (SLV), right below copper of the periodic chart, which gangster Al Capone used to wire his bulletproof 1928 Cadillac so electricity could move faster. Below silver is gold (GLD), a fine conductor of electricity but is somewhat cost-prohibitive.

As a result, base metal copper prices could more than double from here to \$15,000 a metric tonne or more. The last time the price was that high was in 1968, when the Vietnam War was in full swing, as the military needed a lot of copper to fight wars. The economy was then booming.

You can't have a synchronized global economic recovery *without* a bull market in commodities, and the mother of all recoveries is now in play according to the latest economic data. Phoenix, AZ Freeport-based McMoRan (FCX) is one of the world's largest producers of copper and a long time *Mad Hedge* customer.

The stock has been on a tear for a year on the back of record Chinese buying of copper ahead of *their* economic recovery, which started well before ours. (FCX) has soared from a \$5 low a year ago to near \$40 at the February high. I believe this move will continue for years. The old high for the stock in the last cycle was \$502.