



Trade Alert - (TSLA) - BUY

Buy the Tesla (TSLA) *January 2023* \$120-\$130 in-the-money vertical bull call spread at \$8.80 or best

Opening Trade

12-7-2022

expiration date: January 20, 2023

Portfolio weighting: 10%

Number of Contracts = 12 contracts

I think that Tesla has suffered enough.

All the new negatives are now in the price, the China lockdowns, the recalls, and recession fears are now in the price. At the end of the day, Tesla really is a consumer discretionary stock.

With this trade, I am willing to bet that the 200-week moving average at \$160 will hold. I am also betting that a company that is growing at 50% a year will see its share price fall only 65% from its all-time high, which seems reasonable. If I am

wrong, it is growing at a 40% rate.

Twitter will remain a distraction, but only so much of a distraction. A now \$10 billion company can only drag down a former \$365 billion company so much. Elon Musk has been chastised severely. It also helps that Citibank (C) upgraded the stock from a “SELL” to a “NEUTRAL”.

Tesla will remain the top EV maker for the foreseeable future.

This trade also converts our existing short position in Tesla to an option “short strangle”, not a bad idea when implied volatilities are trading at a sky high 63%, triple the implied for the S&P 500 (SPY).

Therefore, I am buying the **Tesla (TSLA) January 2023 \$120-\$130 in-the-money vertical bull call spread at \$8.80 or best.**

Don’t pay more than \$9.30 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 10 cents with a second order.

If you don’t do options, stand aside. This is a short-term options play only.

This is a bet that the Tesla (TSLA) will not trade below \$130 by the January 20 option expiration day in **30** trading days.

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

Buy 12 January 2023 (TSLA) \$120 calls at.....\$61.00
Sell short 12 January 2023 (TSLA) \$130 calls at.....\$52.20
Net Cost:.....\$8.80

Potential Profit: $\$10.00 - \$8.80 = \$1.20$

$(12 \times 100 \times \$1.20) = \$1,440$, or 13.64% in 17 trading days.

Quote Panel

Financial Instrument

TSLA

Bid Size

100

Bid

178.79

Ask

178.82

Statistics

Financial Instrument

TSLA

Opt. Volume

1.46M

Put/Call Volume

0.81

Opt. Vlm Chng %

67.219%

Hist. Vol. Close %

62.539%

IV Last

60.9%

Buttons

Add Underlying

Preview Order/Check Margin Impact

Close Position

Reverse Position

View Account

Trading

Orders

Log

Trades

Portfolio

Strategy Builder

Strategies

B/A: 400 8.50 9.75 229 Debit

Reverse

Add Stock

Make Delta Neutral

Bull Spread

Action	Ratio	LastTrdDay	Strike	Type	Mltplr	
Buy	1	JAN 20 '23	120	Call	100	Consolidated
Sell	1	JAN 20 '23	130	Call	100	Consolidated

+ Add Leg

Clear All Legs

Place order:

12

DAY

LMT

8.80

Transmit

Add to Quote Panel

Profile

Option Chains

JAN 06 '23
31 DAYS

JAN 13 '23
38 DAYS

JAN 20 '23
45 DAYS

FEB 17 '23
73 DAYS

MORE



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.

This is not a solicitation to buy or sell securities

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Futures trading involves a high degree of risk and may not be suitable for everyone.