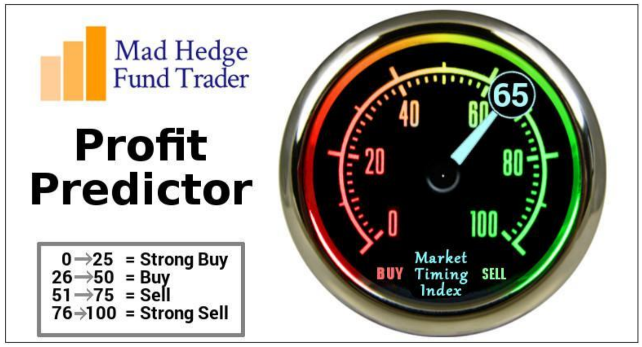


Trade Alert - (OXY) - BUY

Buy the Occidental Petroleum (OXY) *February* 2023 $55-$60 in-the-money vertical bull call spread at $4.50 or best

Opening Trade

1-24-2023

expiration date: February 17, 2023

Portfolio weighting: 10%

Number of Contracts = 25 contracts

I am going to use the 5% dives in the share price to buy Occidental Petroleum (OXY).

The Chinese economy coming back is a really big deal for oil. They just reported a 3% GDP growth for 2022.

While the real number is probably zero or negative, I won't quibble over details. After all, poor results in China get you in front of a firing squad so your organs can be harvested and sold on the Internet, so the numbers are ***never*** bad.

Ending the strict Covid lockdown has been the trigger, which the locals have known about since October. Infected Chinese are no longer having their front doors welded shut. That's why Internet giant Alibaba (BABA) has exactly doubled since then. And when (BABA) doubles, you want to buy oil.

Look at the chart for Texas Tea below and you can see a nice "head and shoulders bottom" developing. Oil has suffered enough, down $62, or 47% since the February high.

Therefore, I am buying the **Occidental Petroleum (OXY) *February* 2023 $55-$60 in-the-money vertical bull call spread at $4.50 or best**

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.

Don't pay more than $4.70 or you will be chasing.

If you don't do options, buy the stock. Oil is overdue for a run to the upside.

To learn more about Occidental Petroleum please visit their website at https://www.oxy.com . Please also read the extended research report below.

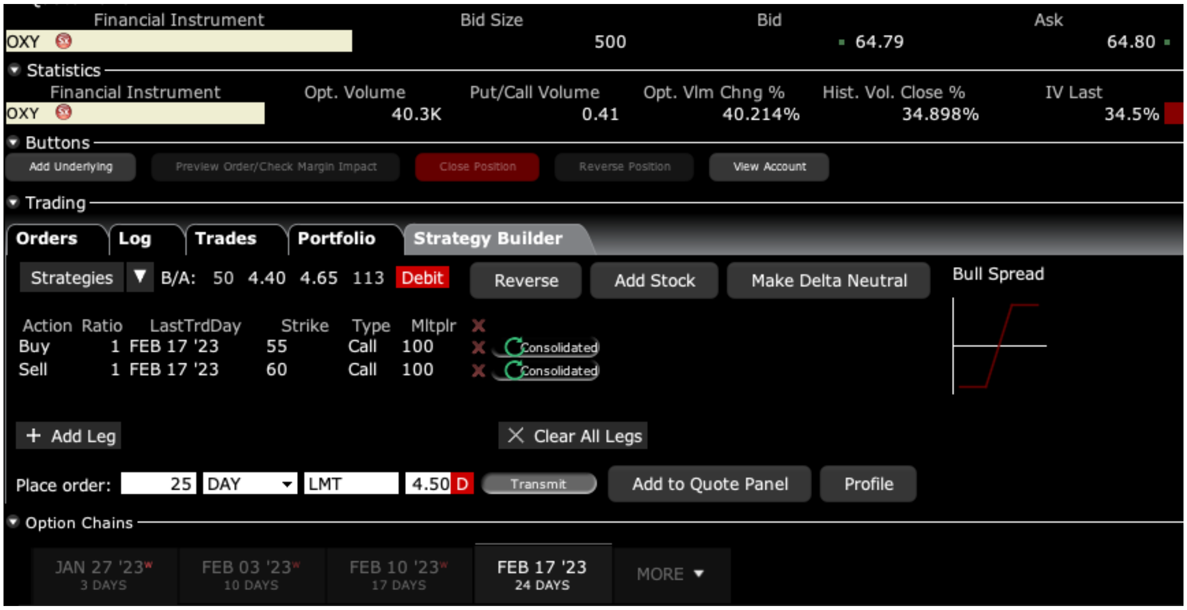
This is a bet that the Occidental Petroleum (OXY) will not trade below $60 by the February 17 option expiration day in **14** trading days.

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

Buy 25 February 2023 (OXY) $55 calls at…………$10.00
Sell short 25 February 2023 (OXY) $60 calls at…….$5.50
Net Cost:…………………………….………………$4.50

Potential Profit: $5.00 - $4.50 = $0.50

(25 X 100 X $0.50) = $1,250, or 19.05% in 14 trading days.


Financial Instrument
Bid Size
Bid
Ask
OXY
500
64.79
64.80
Statistics
Financial Instrument
Opt. Volume
Put/Call Volume
Opt. Vlm Chng %
Hist. Vol. Close %
IV Last
OXY
40.3K
0.41
40.214%
34.898%
34.5%
Buttons
Add Underlying
Preview Order/Check Margin Impact
Close Position
Reverse Position
View Account
Trading
Orders
Log
Trades
Portfolio
Strategy Builder
Strategies
B/A: 50 4.40 4.65 113
Debit
Reverse
Add Stock
Make Delta Neutral
Bull Spread
Action Ratio LastTrdDay Strike Type Mltplr
Buy 1 FEB 17 '23 55 Call 100 Consolidated
Sell 1 FEB 17 '23 60 Call 100 Consolidated
+ Add Leg
Clear All Legs
Place order: 25 DAY LMT 4.50 D
Transmit
Add to Quote Panel
Profile
Option Chains
JAN 27 '23 3 DAYS
FEB 03 '23 10 DAYS
FEB 10 '23 17 DAYS
FEB 17 '23 24 DAYS
MORE


OXY Occidental Petroleum Corp. NYSE + BATS
© StockCharts.com
24-Jan-2023 12:32pm
Open 58.56 High 74.58 Low 58.56 Last 64.81 Volume 4.5M Chg -1.69 (-2.55%)
RSI(14) 50.12
OXY (Daily) 64.81
MA(50) 66.02
MA(200) 64.46
Volume 4,542,945
MACD(12,26,9) 0.223, -0.192, 0.415
Aug 8 15 22 29 Sep 12 19 26 Oct 10 17 24 Nov 7 14 21 28 Dec 12 19 27 2023 9 17 23

$WTIC Light Crude Oil - Continuous Contract (EOD) CME
© StockCharts.com
23-Jan-2023
Open 81.79 High 82.64 Low 81.05 Close 81.62 Volume 29.3M Chg -0.02 (-0.02%)
RSI(14) 60.60
$WTIC (Daily) 81.62 (23 Jan)
MA(50) 78.52
MA(200) 92.70
Volume 29,328,600
MACD(12,26,9) 0.780, 0.033, 0.747
Aug 8 15 22 29 Sep 12 19 26 Oct 10 17 24 Nov 7 14 21 28 Dec 12 19 27 2023 9 17 23

Take a Look at Occidental Petroleum (OXY)

There are a lot of belles at the ball, but you can’t dance with all of them.

While a student at UCLA in the early seventies, I took a World Politics course, which required me to pick a country, analyze its economy, and make recommendations for its economic development.

I chose Algeria, a country where I had spent the summer of 1968 caravanning among the Bedouins, eventually crawling out of the desert starving, lice-ridden, and half dead.

I concluded that the North African country should immediately nationalize the oil industry and raise prices from $3/barrel to $10. I knew that Los Angeles based Occidental Petroleum (OXY) was interested in exploring for oil there, so I sent my paper to the company for review.

They called the next day and invited me to their imposing downtown headquarters, then the tallest building in Los Angeles.

I was ushered into the office of Dr. Armand Hammer, one of the great independent oil moguls of the day, a larger-than-life figure who owned a spectacular impressionist art collection, and who confidently displayed a priceless Fabergé egg on his desk. He said he was impressed with my paper, and then spent two hours grilling me.

Why should oil prices go up? Who did I know there? What did I see? What was the state of their infrastructure? Roads? Bridges? Rail lines? Did I see any oil derricks? Did I see any Russians? I told him everything I knew, including the two weeks in an Algiers jail for taking pictures in the wrong places.

His parting advice was to never take my eye off the oil industry, as it is the driver of everything else. I have followed that advice ever since.

When I went back to UCLA, I told a CIA friend of mine that I had just spent the afternoon with the eminent doctor (Marsha, call me!). She told me that he had been a close advisor of Vladimir Lenin after the Russian Revolution, had been a double agent for the Soviets ever since, that the FBI had known this all along, and was currently funneling illegal campaign donations to President Richard Nixon.

Shocked, I kicked myself for going into an interview so ill-prepared and had missed a golden opportunity to ask some great questions. I never made that mistake again.

Some 40 years later, in 2010 while trolling the markets for great buying opportunities set up by the BP oil spill, I stumbled across (OXY) once more. (OXY) had a minimal offshore presence, nothing in deep water, and huge operations in the Middle East and South America.

(OXY)'s substantial California production was expected to leap to 45% to 200,000 barrels a day over the next four years. Its horizontal multistage fracturing technology would enable it to dominate California shale. The company has raised its dividend for the eleventh year in a row, to 2.90%, and had a sub market earnings multiple of only 13.7 times.

Need I say more?

The clear message that came out of the BP oil spill is that onshore energy resources are now more valuable than offshore ones. I decided to add it to my model portfolio. Energy was one of a tiny handful of industries I was willing to put my money in back then (technology, industrials, and health care were the others).

Oh, and I got an A+ on the paper, and the following year Algeria raised the price of oil to $12 and nationalized the industry.

Lenin and Friend

A Faberge Egg

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 about 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.