



Trade Alert - (TSLA) - BUY

Buy the Tesla (TSLA) **March** 2023 \$145-\$155 in-the-money vertical bull call debit spread at \$8.90 or best

Opening Trade

2-23-2023

expiration date: March 17, 2023

Portfolio weighting: double 20%

Number of Contracts = 25 contracts

The Tesla trade is back!

As much as I love Tesla for the long-term, the stock is wildly overbought for the short-term, up 120% in six weeks. It is the greatest six-week creation of shareholder equity in stock market history, some \$360 billion.

Therefore, I am buying the Tesla (TSLA) **March** 2023 \$145-\$155 in-the-money vertical bull call spread at \$8.90 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.

After markets have big moves like in January, you tend to get no moves for a couple of months. Too much performance and market action was pulled forward in January.

With the highest implied volatility in the market at 78%, a short Tesla strangle is far and away the best way to play this. This is the first leg in that strangle. The long side also gets extra support from the 50-day moving average at \$155.13.

We also have the autonomous driving recall of 360,000 Tesla vehicles here to trade against. A Volatility Index (\$VIX) back up to \$24, incited by today's 500-point plunge in the Dow is further icing on the cake.

The selloff was prompted by rising fears of a debt default by the House of Representatives this summer which have taken interest rates dramatically higher. As a result, Tesla has had to raise interest rates on company-financed new sales from 2.0% to 5.0%.

Ford Motor's (F) halt of its assembly line for the F-150 Lightning because of battery design problems is further support for Tesla on the long side.

Tesla is now the most widely owned stock in the world and accounts for a staggering 6% of the options market.

If you don't do options, buy the stock on a bigger dip. Even if the (SPY) revisits its 2022 low at \$355, I doubt that Tesla falls much from here.

Call spreads this far in the money trade all over the map but give this your best shot.

An onslaught of new Tesla positives will hit the market in 2023. The new Cybertruck comes out and there is a two-year waiting list out the gate and deposits in hand for 1.5 million vehicles.

The company is generating such enormous cash flows that it is like to carry out \$10 billion in share buybacks, especially with the Price this low. There are no real

competitors on the horizon, except for a handful with minimal production at big losses outside of China.

All the new negatives are now in the price, the China lockdowns, the product recalls, the Shanghai shutdown, recession fears, and even Elon Musk himself going from a premium to a discount are now in the price. At the end of the day, Tesla really is a consumer discretionary stock.

Twitter will remain a distraction, but only so much of a distraction. A new \$10 billion company can only drag down a former \$365 billion company so much. Elon Musk has been chastised severely. Soon he will appoint a new Twitter CEO who knows the social media industry cold and the distraction will go away.

Tesla will remain the top EV maker for the next decade easily.

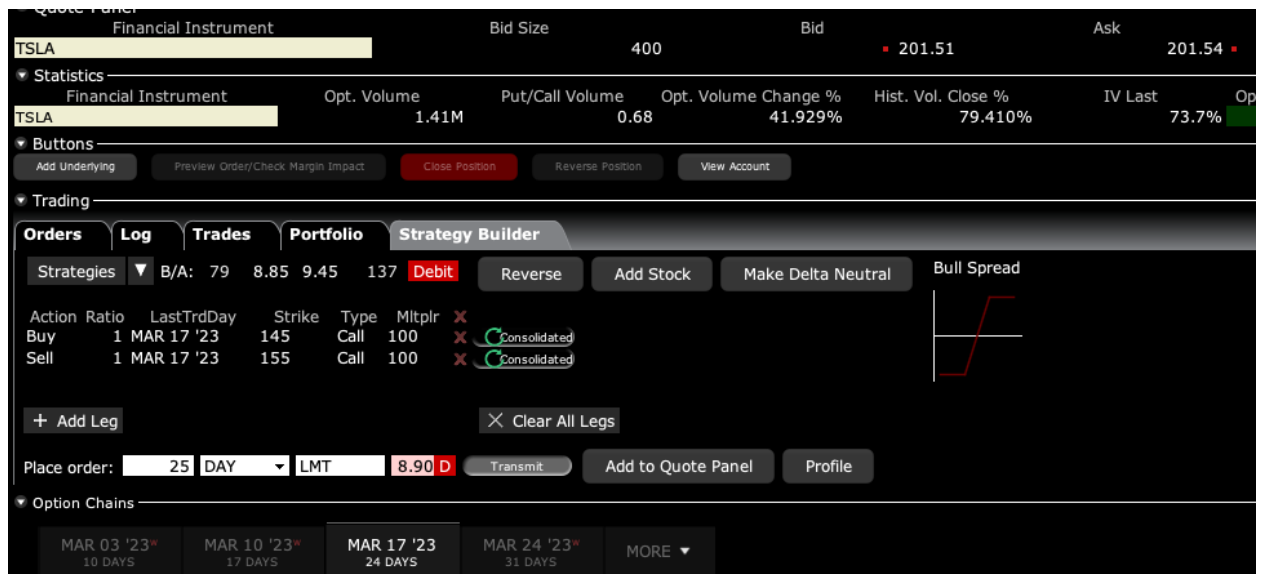
This is a bet that Tesla (TSLA) will not trade below \$155 by the March 17 option expiration day in **19** trading days.

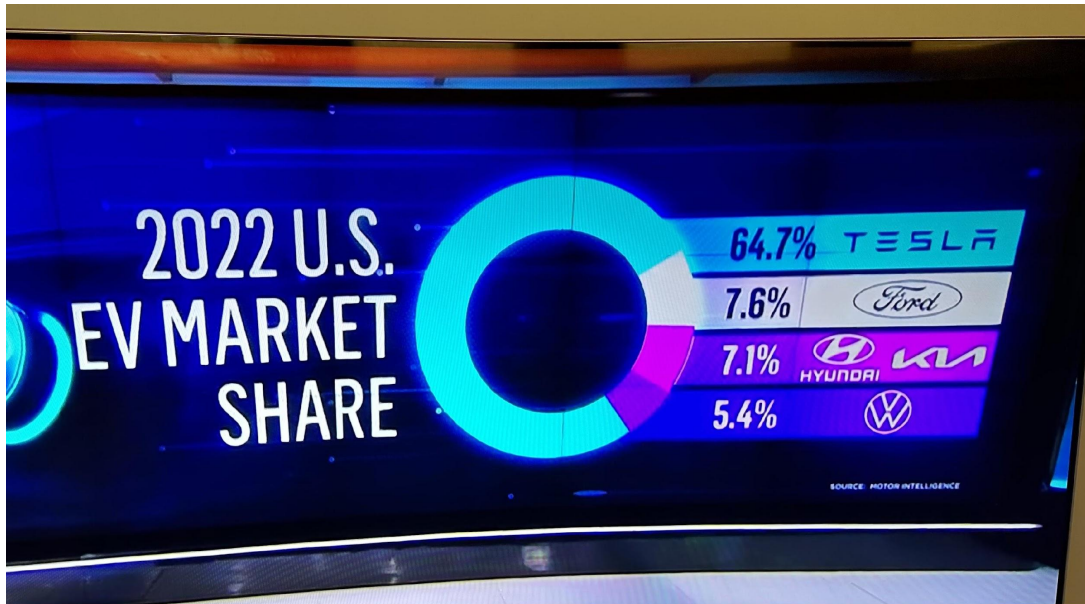
Here are the specific trades you need to execute this position:

Buy 25 March 2023 (TSLA) \$145 calls at.....\$60.00
Sell short 25 March 2023 (TSLA) \$155 calls at.....\$51.10
Net Cost:.....\$8.90

Potential Profit: $\$10.00 - \$8.90 = \$1.10$

$(25 \times 100 \times \$1.10) = \$2,750$, or 12.36% in 19 trading days.







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

If you are uncertain about how to execute an options spread, please watch my training video on ***“How to Execute a Vertical Bull Call Spread”*** by visiting this link: <https://www.madhedgefundtrader.com/ltt-vbcs/>

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.

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