



## Trade Alert - (SPY) - BUY

**Buy the S&P 500 (SPY) *May 2023* \$425-\$435 in-the-money vertical bear put spread at \$9.00 or best**

## Opening Trade

**4-24-2023**

**expiration date: May 19, 2023**

**Portfolio weighting: 10%**

**Number of Contracts = 12 contracts**

Where is the upside surprise coming from?

It's hard to see the (SPY) blasting through to a new all-time high in the next three weeks. The strong earnings reports from the banks are out, the weak earnings reports are coming.

The seasonals are about to turn harshly against the market. After reaching an unbelievable height, I expect the market to blow up, just like Elon Musk's ill-fated Starship.

If the (SPY) *does* go up to \$425, you will think you have died and gone to Heaven, thanks to your existing long positions. Even though I am bullish long term, an extra short position here will reduce your portfolio volatility in case we get another market drawdown in the next month.

Therefore, I am buying the **S&P 500 (SPY) May 2023 \$425-\$435 in-the-money vertical bear put spread at \$9.00 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 \$9.40 or you will be chasing.**

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

This is a bet that the S&P 500 (SPY) will not trade above \$425.00 by the May 19 option expiration day in **19** trading days.

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

<b>Buy 12 May 2023 (SPY) \$435 puts at.....</b>	<b>\$23.00</b>
<b>Sell short 12 May 2023 (SPY) \$425 puts at.....</b>	<b><u>\$14.00</u></b>
<b>Net Cost .....</b>	<b>\$9.00</b>

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

$(12 \times 100 \times \$1.00) = \$1,200$ , or 11.11% in 19 trading days.

Statistics

Financial Instrument

SPY

Opt. Volume

7.96M

Put/Call Volume

1.20

Opt. Volume Change %

101.457%

Hist. Vol. Close %

16.413%

IV Last

14.1%

Buttons

Add Underlying

Preview Order/Check Margin Impact

Close Position

Reverse Position

View Account

Trading

Orders

Log

Trades

Portfolio

Strategy Builder

Strategies

B/A:

Reverse

Add Stock

Make Delta Neutral

Bear Spread

Action	Ratio	LastTrdDay	Strike	Type	Mltplr	
Buy	1	MAY 19 '23	435	Put	100	X
Sell	1	MAY 19 '23	425	Put	100	X
						Closed

+ Add Leg

X Clear All Legs

Place order:

12

DAY

LMT

9.00

D

Transmit

Add to Quote Panel

Profile

Option Chains

MAY 05 '23\*

MAY 12 '23\*

MAY 19 '23

MAY 26 '23\*

MORE

13 DAYS

20 DAYS

27 DAYS

34 DAYS





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:

<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.

**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.**