



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:

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

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 | × | Closed |
| Sell | 1 | MAY 19 '23 | 425 | Put | 100 | × | Closed |

+ Add Leg X Clear All Legs

Place order: Transmit Add to Quote Panel Profile

Option Chains
 MAY 05 '23* 13 DAYS MAY 12 '23* 20 DAYS **MAY 19 '23** 27 DAYS MAY 26 '23* 34 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 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.