



(TSLA) - BUY

Buy the Tesla (TSLA) *June* 2023 \$120-\$130 in-the-money vertical bull call debit spread at \$9.00 or best

Opening Trade

5-11-2023

expiration date: June 16, 2023

Portfolio weighting: 10%

Number of Contracts = 12 contracts

We've just seen a nice \$67, or 17% pullback to \$150 in Tesla in recent weeks. This is in a stock that I think will be worth \$1,000 someday. There are major institutional buyers hovering around the \$150 level.

Options this far in the money are illiquid so you may have to play around a bit with strike prices and prices to get done.

Therefore, I am buying the Tesla (TSLA) *June* 2023 \$120-\$130 in-the-money vertical bull call debit spread at \$9.00 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 we saw in January, you tend to get no moves for a couple of months. Too much performance and market action was pulled forward in January.

Among the highest implied volatility in the market at 45%, a deep-in-the-money call spread strategy is the best way to play this.

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.

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 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 now \$10 billion company can only drag down so much a former \$534 billion company. 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.

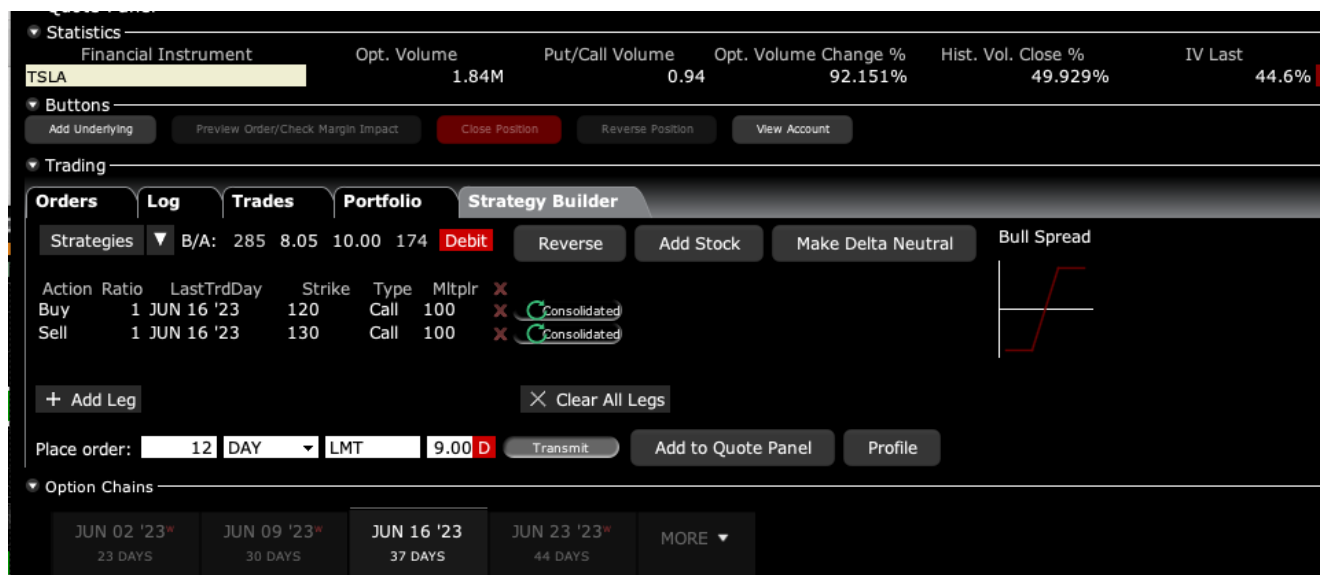
This is a bet that the Tesla (TSLA) will not trade below \$130 by the June 16 option expiration day in **26** trading days.

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

Buy 12 June 2023 (TSLA) \$120 calls at.....\$51.00
Sell short 12 June 2023 (TSLA) \$130 calls at.....\$42.00
Net Cost:.....\$9.00

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

(12 X 100 X \$1.00) = \$1,200, or 11.11% in 26 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 going to:

<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

The Mad Hedge Fund Trader is not an Investment advisor

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