



Trade Alert - (TLT) – BUY

BUY the iShares Barclays 20+ Year Treasury Bond Fund (TLT) *May* 2023 \$97-\$100 in-the-money vertical Bull Call debit spread at \$2.70 or best

Opening Trade

5-2-2023

expiration date: May 19, 2023

Portfolio weighting: 10%

Number of Contracts = 40 contracts

Volatility is getting so rare these days you have to grab it when it appears and shake it for all it's worth. I never want to waste a \$5.00 move in the bond market, the retreat from the recent \$109 high.

This trade alert is shorter-dated and with a narrower spread than usual. But we only have 13 trading days until the May 19 option expiration.

Not only are stocks going nowhere in a narrow sideways trading range, but so are bonds. This trade may seem bold, but in a going nowhere market everything works and I want to stay 100%, pedal to the metal, all in invested.

I am therefore buying the **iShares Barclays 20+ Year Treasury Bond Fund (TLT) *May* 2023 \$97-\$100 in-the-money vertical Bull Call debit spread at \$2.70 or best**

Don't pay more than \$2.75 or you'll be chasing on a risk/reward basis.

If you don't trade options just buy the (TLT) outright. I am looking for a possible 20% gain in the second half of this year after the debt crisis is resolved and the economy recovers.

I am looking for the Fed not to lower interest rates again for the rest of this decade after Wednesday's 25 basis point hike. After that, rates will flatline for three months. By June, economic weakness will be so obvious that a dramatic rate-cutting policy will ensue.

And this won't be just any old easy money policy. I expect a 0.75% rate ***CUT*** at the July 26 meeting and for the Fed to continue cutting at a 0.75% rate at every meeting until the economy stabilizes.

In addition, the Fed will end its ***quantitative tightening*** program by June, which is currently sucking \$90 billion a month out of the economy. That's a lot of bond selling that suddenly ends.

Bonds will soar.

I'm looking for \$120 in the (TLT) sometime in 2023, with a possible stretch to \$130. Use every five-point dip to load up on shares in the ETF, calls, call spreads, and one-year LEAPS. This trade is going to work fast. It is the low-hanging fruit of 2023.

Ka-ching!

The only way to lose money on this position is if the US economy absolutely catches on fire and sends interest rates soaring in the next months. As we are on the verge of a possible mild recession, I highly doubt this is going to happen.

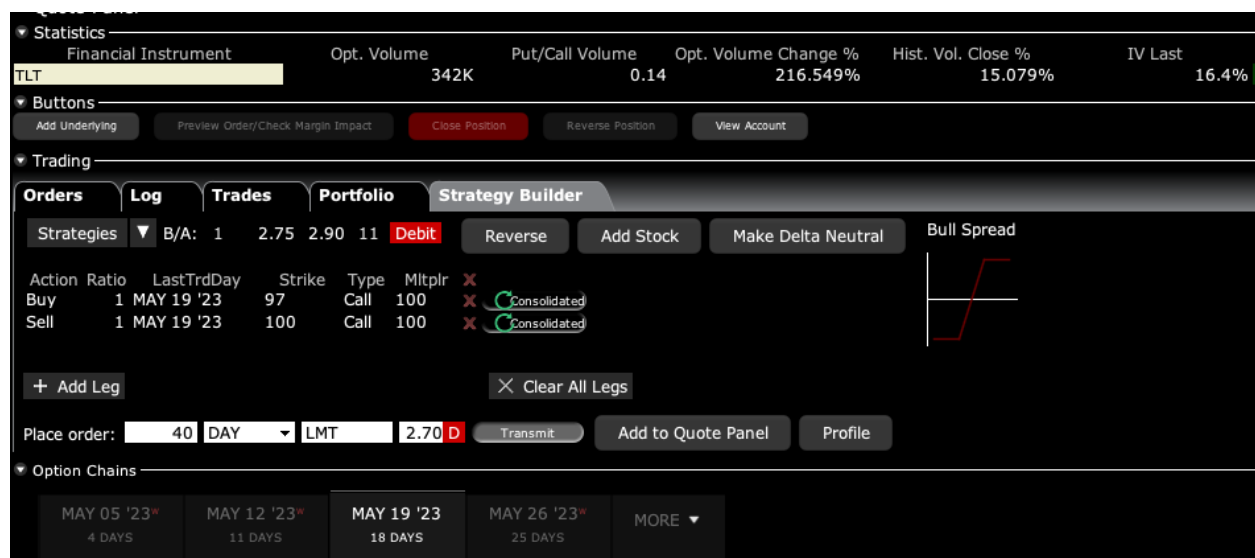
This is a bet that the (TLT) will not fall below \$100.00 by the **May 19** option expiration in **13** trading days.

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

Buy 40 May 2023 (TLT) \$97 calls at.....\$8.00
Sell short 40 May 2023 (TLT) \$100 calls at.....\$5.30
Net Cost:.....\$2.70

Potential Profit: \$3.00 - \$2.70 = \$0.30

(40 X 100 X \$0.30) = \$1,200, or 11.11% in **13** trading days.





It's now the Opening Act for the Bond Market

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

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