



## **Trade Alert - (FCX) – BUY**

**BUY the Freeport McMoRan (FCX) January 2024 \$32-\$35 vertical BULL CALL spread at \$2.50 or best**

### **Opening Trade**

**12-25-2023**

**expiration date: January 19, 2024**

**Portfolio weighting: 10%**

**Number of Contracts = 40 contracts**

A severe short squeeze in copper is developing, leading to a massive price spike later in 2023. Copper prices could jump from the current \$9,000 per metric tonne to \$15,000 in 2024, say industry insiders.

A Chinese economic recovery and exploding EV growth are the reasons. Copper is the only industrial metal up this year, some 6%. The rest are all down on recession fears. Is the red metal now recession-proof?

I believe the fundamental argument for Freeport McMoRan is so compelling that I am going to dive in, even during this period of extremely low volatility.

**If you can't do options, buy the stock.** My long-term target for (FCX) is \$100, up from today's \$37.81. (FCX) is the world's largest copper producer.

Please remember that I told you earlier that each Tesla needs 200 pounds of copper and that Tesla sales could reach 2.2 million vehicles in 2024. The ten-year target is 20 million cars a year.

Therefore, I am buying the **Freeport McMoRan (FCX) January 2024 \$32-\$35 vertical BULL CALL spread at \$2.50 or best.**

**Don't pay more than \$2.70 or you will be chasing.**

This is a bet that the (FCX) will not fall below \$35.00 by the January 19 option expiration in 30 trading days. It takes advantage of an expected surge of money into the sector with the new year.

If you are looking for other copper plays, please take a look at the United States Copper Fund (CPER), First Quantum Minerals Ltd. (FM.TO), Antofagasta (ANTO.L) and hang on. We are going much higher once the stock market bottoms.

I have a feeling that Freeport McMoRan is my new rich uncle, cutting me generous but undeserved maintenance checks every month.

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

**Buy 40 January 2024 (FCX) \$32 calls at.....\$6.00**

**Sell short 40 January 2024 (FCX) \$35 calls at.....\$3.50**

**Net Cost:.....\$2.50**

Potential Profit:  $\$3.00 - \$2.50 = \$0.50$

$(40 \times 100 \times \$0.50) = \$2,000$  or 20.00% in 30 trading days.

▼ Statistics

Financial Instrument

FCX

Opt. Volume

33.4K

Put/Call Volume

0.41

Opt. Vlm Chng %

97.406%

Hist. Vol. Close %

31.646%

IV Last

30.2%

▼ Buttons

Add Underlying

Preview Order/Check Margin Impact

Close Strategy Positions

Close Position

Reverse Position

View Account

▼ Trading

Orders

Log

Trades

Portfolio

Strategy Builder

Strategies

▼

B/A: 45 2.45 2.65 30

Debit

Reverse

Add Stock

Make Delta Neutral

Bull Spread

Action

Ratio

LastTrdDay

Strike

Type

Mltplr

Buy

1

JAN 19 '24

32

Call

100

Consolidated

Sell

1

JAN 19 '24

35

Call

100

Consolidated

+ Add Leg

✕ Clear All Legs

Place order:

40

DAY

LMT

2.50

D

Transmit

Add to Quote Panel

Profile

▼ Option Chains

JAN 05 '24\*

JAN 12 '24\*

JAN 19 '24

FEB 16 '24

MORE

32 DAYS

39 DAYS

46 DAYS

74 DAYS

FCX Freeport-McMoRan, Inc. NYSE + BATS

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4-Dec-2023 1:24pm

Open 38.09 High 38.58 Low 37.50 Last 37.81 Volume 7.0M Chg -1.43 (-3.63%) ▼

▲ RSI(14) 59.70



**\$VIX** Volatility Index - New Methodology INDX

27-Mar-2023 11:00 am

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Open 22.05 High 22.93 Low 20.99 Last 21.64 Chg -0.10 (-0.46%) ▼

▲ RSI(14) 48.91







To see how to enter this trade in your online platform, please look at the order ticket above, 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 Debit Spread*” by clicking here at

<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.