



## Trade Alert - (GLD) – BUY

**BUY the SPDR Gold Shares (GLD) June \$207.50-\$212.50 vertical BULL CALL debit spread at \$4.20 or best**

### Opening Trade

**6-4-2024**

**expiration date: June 21, 2024**

**Portfolio weighting: 10%**

**Number of Contracts = 25 contracts**

Gold has just seen a nice 5% drop from its recent highs and is now positioned to take a run to new all-time highs. In addition, we have some support for this trade from the 50-day average at \$216.88.

I am looking for a weakish June in the stock market and gold should catch a flight to safety bid. Interest rates continue to nudge down discounting a September rate cut which is very gold positive.

This is all on top of a major rotation in the market underway, out of technology stocks that have been leading all year into commodity stocks. We have already seen major upside breakouts in gold and silver and copper is jumping on the bandwagon.

**If you can't do options, buy the stock.** My long-term target for (GLD) is \$300, up from today's \$216.88, sometime in 2025.

The bull case for gold is simple. Falling interest rates mean less yield competition for gold, which yields nothing. China and Russia have been stockpiling gold for years to avoid international financial sanctions. A global gold shortage is developing with new mine costs rising. Gold also offers protection against rising US debt, which is expected to hit \$35 trillion shortly.

On top of all this, Chinese speculators have shifted their interest from real estate, which has crashed, to precious metals. This adds a large retail element that has never existed before.

Therefore, I am buying the **SPDR Gold Shares (GLD) June \$207.50-\$212.50 vertical BULL CALL debit spread at \$4.20 or best.**

**Don't pay more than \$4.50 or you will be chasing.**

SPDR Gold Shares (GLD) is a play on physical gold. They are shares in a corporation that owns 400-ounce gold bullion bars held by a London trust. It is far safer owning gold through the (GLD) than through owning your own physical gold bars via a third-party custodian. If the custodian goes under, which is frequent, your gold is gone. With (GLD) your credit risk is with State Street, a highly rated firm with a strong balance sheet.

**For details about SPDR Gold Shares (GLD), please visit their website at <https://www.spdrgoldshares.com> .**

This is a bet that the (GLD) will not fall below \$212.50 by the June 21 option expiration in 15 trading days.

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

**Buy 25 June 2024 (GLD) \$207.50 calls at.....\$10.00**  
**Sell short 25 June 2024 (GLD) \$212.50 calls at.....\$5.80**  
**Net Cost:.....\$4.20**

Potential Profit: \$5.00 - \$4.20 = \$0.80

(25 X 100 X \$0.80) = \$2,000 or 19.05% in 15 trading days.

The screenshot shows a trading platform interface for GLD. At the top, there are statistics: Financial Instrument (GLD), Opt. Volume (54.9K), Put/Call Volume (0.33), Opt. Vlm Chng % (33.224%), Hist. Vol. Close % (14.930%), IV Last (14.2%), and Opt. Imp. Vol. Change (0.604). Below this is a 'Buttons' section with 'Close Strategy Positions' and 'Close Position' highlighted in red. The 'Trading' section has tabs for 'Orders', 'Log', 'Trades', 'Portfolio', and 'Strategy Builder'. The 'Strategy Builder' tab is active, showing a 'Bull Spread' strategy with a 'Debit' of 42.00. The strategy details table is as follows:

Action	Ratio	LastTrdDay	Strike	Type	Mltplr	Consolidated
Buy	1	JUN 21 '24	207.5	Call	100	Consolidated
Sell	1	JUN 21 '24	212.5	Call	100	Consolidated

Below the table, there are buttons for '+ Add Leg' and 'Clear All Legs'. The 'Place order:' section shows '25 DAY' selected, 'LMT' as the order type, and '42... D' as the price. At the bottom, there is an 'Option Chains' section with tabs for 'JUN 12 '24' (9 DAYS), 'JUN 14 '24' (11 DAYS), 'JUN 21 '24' (18 DAYS), and 'JUN 28 '24' (25 DAYS), along with a 'MORE' dropdown. The 'TAB' label is visible in the bottom right corner.



To see how to enter this trade in your online platform, please look at the order ticket above, which I pulled off of *Interactive Brokers*.

If you are uncertain on 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.

