

Trade Alert - (NVDA) – BUY

BUY the NVIDIA (NVDA) February 2025 \$90-\$95 in-the-money vertical Bull Call debit spread at \$4.40 or best

Opening Trade

1-28-2025

expiration date: February 21, 2025

Number of Contracts = 25 contracts

Whatever happened to Cold Fusion?

Remember that 1990's meme that set stocks on fire? It was supposed to give us free electricity **forever**. Except that here I am 35 years later, and cold fusion is 20-40 years into the future. It's **always** 40 years in the future.

That's what came to mind last December when I first heard that the Chinese app DeepSeek had delivered a revolutionary new AI program that was supposed to cut the need for high-end chips by 99%. I ignored it just like all of the other Chinese apps that come out on a daily basis.

That being said, I did tell my Concierge client that the next time (NVDA) hits \$150 to sell have their positions. It had been so tired for too long, some seven months, that it was begging for this kind of black swan.

Down 37.5% from the recent \$151 high to the upper \$95 strike price is a different kettle of fish entirely. Nvidia will keep growing and the price will continue to appreciate, just at a slightly slower pace than in recent memory. That makes buying a \$37.5% decline in 18 trading days entirely doable. \$95 is the August 5 low and I doubt we get anywhere near there.

I am therefore buying the **NVIDIA (NVDA) February 2025 \$90-\$95 in-the-money vertical Bull Call debit spread at \$4.40 or best.**

Don't pay more than \$4.70 or you'll be chasing on a risk/reward basis.

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. If that gets you nothing, try raising your strike prices by \$1.00.

If you live in a foreign time zone when the US stock market is closed, such as Australia, or aren't sitting in front of a screen all day, simply enter a spread of **Good-Until-Cancelled** orders overnight, like \$4.40, \$4.50, \$4.60, and \$4.70. You should get done on some or all of these.

NVIDIA is so far ahead of the competition that no one will catch up for years. What the (NVDA) bears don't get is that the company has a moat so wide it is impossible to cross. Their enormous lead in software is the result of crucial platform decisions made

20 years ago. The key staff are all looked up with ultra-cheap equity options with strike prices around \$1-\$2.

Virtually everyone has now raised their upside targets for the stock over \$1,000/share. That's because with a price-earnings multiple of 30X, it is still the biggest Big Tech stock in the market. By comparison, among its biggest customers, (META) is at 34X, AI Leader (MSFT) is at 38X, and (AMZN) is at 63X. Efforts by Alphabet to break into the AI chip business are feeble at best.

Every 15% correction in (NVDA) over the last two years has been a strong "BUY". It owns the AI manufacturing business. It's looking at \$250-\$500 BILLION in sales growth per year over the next several years.

Santa Clara-based NVIDIA designs and manufactures high-end, top-performing graphics cards or GPUs. There is probably one in your PC. They are essential in the artificial intelligence, automobile, PC, supercomputing, cybersecurity, and gaming industries.

They are also crucial for national defense. The Biden administration recently banned NVIDIA from exporting high-end chips and their manufacturing equipment to China, which they were using to build sophisticated weapons to use against us. This revenue loss is what has taken the shares down to their current low levels, down 65% in six months.

NVIDIA has long been one of the fastest-growing US companies. Since 2005, its annual net income has soared from \$89 million to \$9.7 billion.

If the highest growth sectors in the economy are Robotics, AI, and energy storage, (NVDA) is in the sweet spot of every one of these.

And before you ask, NVIDIA is an abbreviation for the Latin word “envy.”

To learn more about the company, please visit their website at

<https://www.nvidia.com/en-us/>

This is a bet that NVIDIA will **not** fall below **\$95** by the February 21 option expiration in 18 trading days.

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

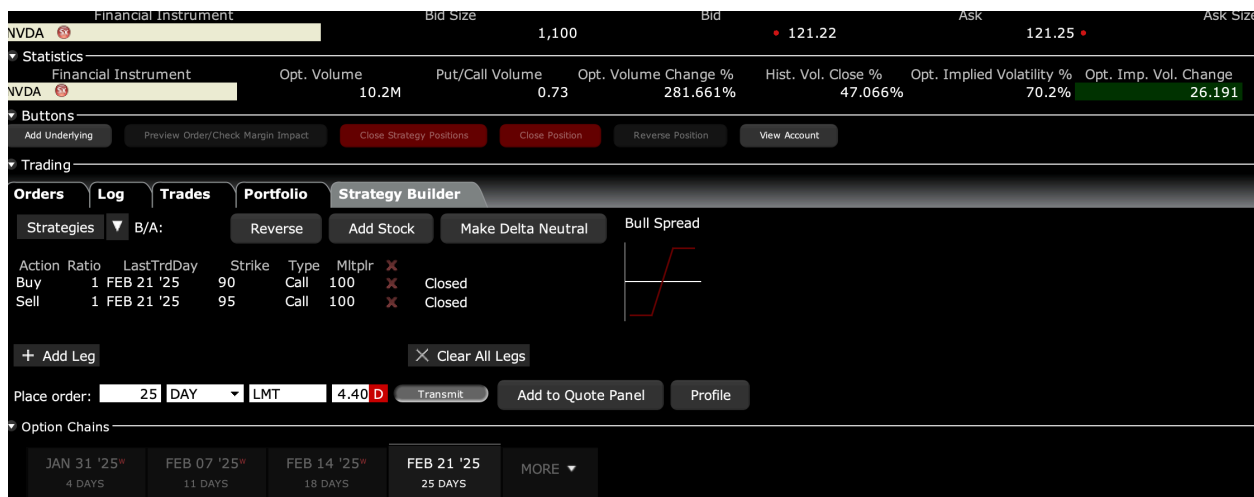
Buy 25 February 2025 (NVDA) \$90 calls at.....\$30.00

Sell short 25 February 2025 (NVDA) \$95 calls at.....\$25.60

Net Cost:.....\$4.40

Potential Profit: \$5.00 - \$4.40 = \$0.60

(25 X 100 X \$0.60) = \$1,500 or 13.64% in 18 days.





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 how to execute an options spread, please watch my training video by [clicking here](#).

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.

