



TRADE ALERT

Buy the S&P 500 (SPY) *June 2025* \$630-\$640 in-the-money vertical bear put debit spread at \$9.00 or best

Opening Trade

5-13-2025

expiration date: June 20, 2025

Portfolio weighting: 10% weighting

Number of Contracts = 12 contracts

This is a bet that the stock market does not hit a new all-time high in the next 27 trading days, a period of time when markets usually top out. Sounds like a no-brainer, doesn't it?

The truly disappointing thing about the recent two week rally is that it has made stocks expensive once again. In valuation terms we are now back at February's peak earnings multiple of 22X for the S&P 500, up from 18X a month ago. This is happening because the growth rate of earnings is falling while share prices are rising.

We are now facing record-high share prices in an economy going into a recession, DOGE cutting chunks of government spending, with rising unemployment and inflation, and a budget deficit for 2025 that is likely to hit \$4-\$5 trillion.

It doesn't sound like a great bargain to me. Maybe that's why only 26% of investors are currently bullish.

We are in fact now at the top of a \$4,800-\$5,800 range while also bumping up against a solid ceiling at the (SPY) 200-day moving average. If this bothers anyone, please raise your hand.

Looking at the grim, almost apocalyptic data that is marching our way, I think we are much more likely to next hit an earnings multiple of 16X than 23X. There are a lot of great shorts out there right now but being up 28.45% so far this year I am being very cautious when to pull the trigger.

Therefore, I am buying the **S&P 500 (SPY) *June 2025* \$630-\$640 in-the-money vertical bear put debit spread at \$9.00 or best.**

DO NOT USE MARKET ORDERS UNDER ANY CIRCUMSTANCES.

Do not pay more than \$9.30 or you will be chasing.

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 you don't want to sit in front of a screen all day or you live in a foreign time zone when the US stock market is closed, such as Australia, or don't want to sit in front of a screen all day, simply enter a spread of **Good-Until-Cancelled** orders overnight, like \$9.00, \$9.10, \$9.20, and \$9.30. You should get done on some or all of these.

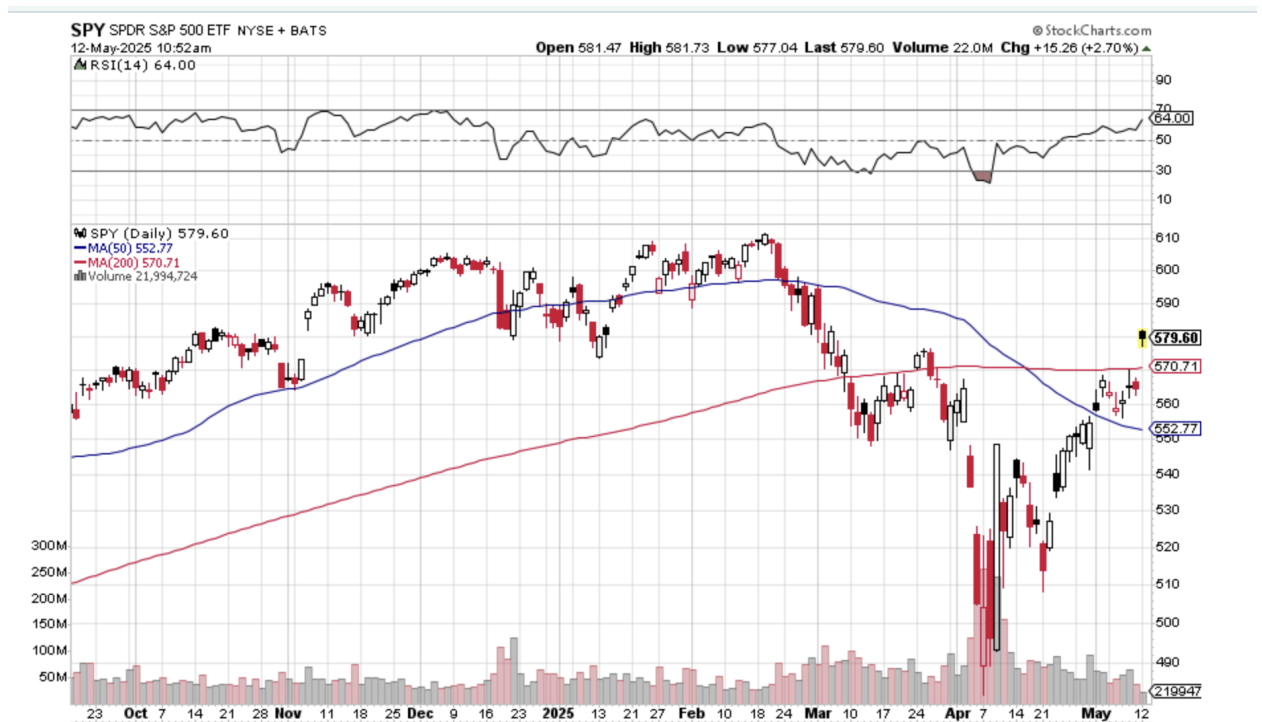
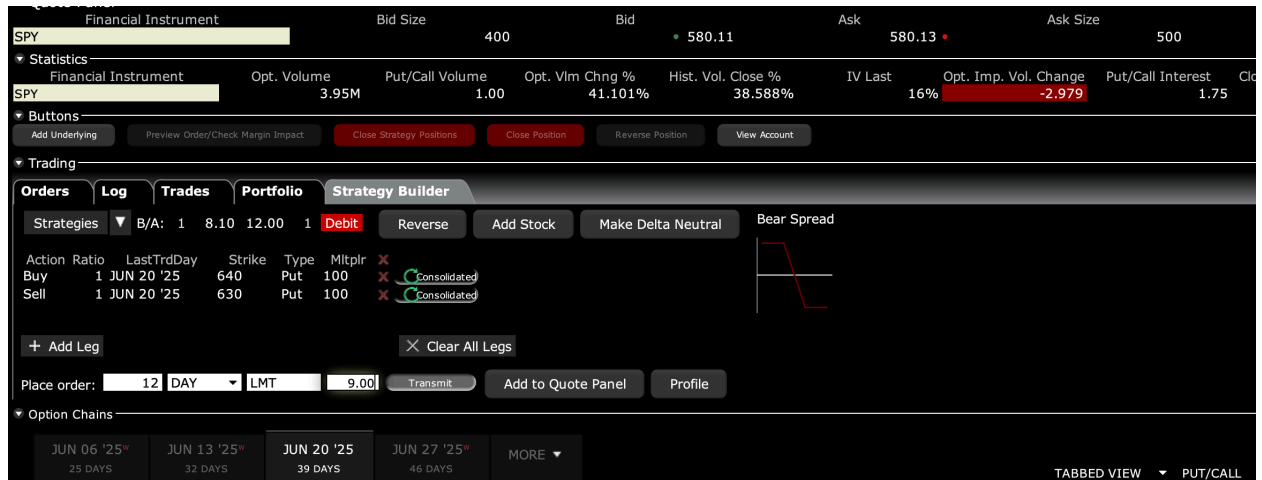
This is a bet that **S&P 500 (SPY)** will not trade above \$630 in 27 trading days.

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

Buy 12 June 2025 (SPY) \$640 Puts at.....	\$61.00
Sell short 12 June 2025 (SPY) \$630 Puts at.....	<u>\$52.00</u>
Net cost:.....	\$9.00

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

$(12 \times 100 \times \$1.00) = \$1,200$ or 14.77% in 34 trading days



STANDARD & POOR'S 500

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 on how to execute an options spread, please watch my training video on “*How to Execute a Vertical Bull Call Spread*” by clicking here at

<https://www.madhedgefundtrader.com/ltt-vbpds/>

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.

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