

Intro

i want to talk about some real trading tips and we'll take a look at a few wheel trades live the option wheel strategy is a really fascinating strategy and as you know i love it i've been using this strategy to generate more than like fifty thousand dollars in realized profits this year and i have this one pesky position that is putting a damper on all this happiness that is down 65 000 so today we're going to talk about what to look out for when you are trading the wheel what stock should you trade what stock should you avoid by all means what is important in terms of strike price and expiration and all the good stuff so let's get started and

Trading Examples

let's actually jump on the ipad right away and let's take a look at a few live examples here in order to do this i bring up the power x optimizer which is the scanner that i personally use to find the very best opportunities according to the wheel we see that right now there is four stocks that are coming up right now and when i say right now today as i am doing this live show here it is september 23rd and it is right now 2 35 p.m central time which means t minus 25 markets will close in 25 minutes so we still have live data so four stocks that are coming up this were just in general let me explain of why i like certain stocks and why i don't like certain stocks so first of all if you're absolutely new to the wheel trading strategy let me just explain to you the wheel trading strategy in a nutshell it's basically only three steps step number one we are selling put options and collecting premiums step number two when selling put options we might or might not get a sign because when you're

selling a put options it means that
you're selling it at a strike price if
the stock stays above the strike price
we're good if it dips below the strike
price you're getting assigned now you
own the stock and now you get to step
number three

selling calls sounds easy enough right
and uh by the way if if you're new to
the wheel trading strategy take a look
at this it's a book that i've written on
it i'll post the link here you can have
it for 4.95

i'll ship it to you or i also have some
more videos for you and i'll link to
them in the description so anyhow now
that we know the basic rules here let's
talk about the first one that is popping
up here right now so

dkng draftkings if you see here a strike
price of 48 is suggested this means if
you're marking it here on the chart
it is right here

so we would sell a put
with the strike price of 48
and for this we're collecting premium
right now we would collect you can see
it here 41 cents per option so that's a
41

per option and then use your calculator
to see how many of these options you
should sell 41 is not bad especially
since we have only eight days to
expiration so it expires next week which
is good it would allow us a drop of
eight percent so this means the
draftking can plummet another eight
percent and we are still fine just
looking at the numbers it does look
pretty good

but the key question here is
do

you

want to own

dk and g

at 48 so and there's there's two

important things here the first is
do you want to own the stock so do you
want to own draftkings what do you know
about draftkings do you like their
business model and we can just look here
at the chart and we can actually switch
over to trading view and i bring up dkng
so a few things that i like to see is
first of all

are they profitable are there growth
stocks or are they a value stock this is
where we can quickly look at the
earnings and we can also look at the
income statement and you see the two
income statements that we only have
because they haven't been traded at an
exchange for that long don't really care
about this at this point but i just want
to look at a weekly chart so that you
get the idea looking at the weekly chart
you see that at some point they started
trading in

2019. so around

4

2019 this is when they started trading
now as you can see in 2019 they reported
a little bit of revenue and
they reported a loss this is what this
means here this is below the zero line
so this means in 2019 they reported loss
now as you can see for 2020
their revenue what would he say it looks
like

it doubled to me so revenue doubled
however what do you think about this
loss it looks like

it got 10 times worse so what does this
mean the company is slightly growing but
posting a huge big loss if we look now
at the quarterly this was the the
annually and we can switch to a
quarterly to get a better idea here and
i'm also zooming in then we see okay it
is getting better their revenue is
pretty stable do you see this the
revenue is not actually

they're not growing
the loss is getting better but they're
still posting a loss so the question is
do you want to own draftkings do you
like this company a company that came
from basically around 10
went all the way up to 70 and it's now
trading at around 51
do you want to own this company and do
you want to own it at a level of 48. so
for me and again every trader is
different for me
this would be a no i don't want to own
this company it's not yet profitable
this is a so-called growth stock right i
mean it's very typical for growth stocks
to not being profitable just yet however
usually growth stocks are growing
explosively and we see that the stock
prices here grow dramatically however
the profits are still not there in fact
they were posting a loss so for me
this
would be a no so if you're going back to
the wheel scanner this is where i would
mark this as an o so let me just show
you where i'm putting the flag
of a note there
now let's take a look at the next one
the next one is j-nog j-n-u-g
so and again if you're just looking at
the chart we see oh my gosh this is all
over the place so the first question is
do you want to own
jnog so this is a gold miner index as
you can see here
let me just zoom in and mark it so it's
a gold miners index
and it's a so-called 2x what does this
mean
this means that it moves with an
accelerator of two times so if the
regular gold miners index which is by
the way
gdx if this goes up by one percent
this puppy here jaynak will move

two percent and if gdxj goes down by one percent then this will go down by two percent so everything is amplified you need to know this because whenever you see something here on the scanner or when you're looking at stocks whenever it says you see

2x

2x sometimes it says 3x i personally like to stay away from this so this is where the name kind of already gives it away and i say this would be

a no for me in fact this is i never trade those and we recently implemented these flags these little skulls that say never trade never these things okay so you get a better idea now let's take a look at the next one

newegg

so newegg is a computer company neg so let's take a look at this so first of all let's go back to trading view bring up new egg n-e-g-g and again we can quickly look at the financials to get a better idea of how this company is doing now if you look at the financials here you see okay so they have been around for a few more years so we have four years of data and that's the max that we are getting so we get a maximum of four years of data and you see in 2017 well they had a little bit of revenue and

they made a small profit then they decided to expand like crazy because most probably it looks like they went public in 2017 so as they went public they got an influx of cash and it seems that they use this cash to dramatically grow their revenue look at this i mean from next to nothing to holy cannoli like two billion dollars while they were doing it they were posting a small

loss so that's usual i mean if you're

exploding in revenue we can probably look at the financial statements but you get the idea here the revenue it grew explosively and that you're investing that in marketing and infrastructure and hiring more people or something like this this obviously would be cool however then where they went a little bit down 2019 2020 okay they are posting nice gains here so that's not bad so this is not a growth company it was a growth company in 2017 right now it is more of a value stock now let's take a look at the chart and see what we are seeing on the chart i'm actually here right now on a weekly chart so you see that they started around trading at around what five dollars then they jumped up to 25 dollars recently recently something happened that they went from five dollars to eighty dollars and then came plummeting down to around fifteen dollars so going back and looking at the scanner right now we see that it comes up with a strike price of 13 and the 13 level is probably somewhere around there now take a look at this do you want to own this stock i mean just looking at the financials it seems pretty solid but i do not know what the heck happened that drove it up from eight dollars to eighty dollars some rumors because uh and as quickly as it went up it came all the way crashing down so i do not want to own the stock and this is why i marked it here with a no not saying that i would never trade it well probably yeah i don't think that i would ever trade it this is just too crazy for me now we already talked about new gt so

let's take a look at the last one let's take a look at sono which is sonos technology we can take a quick look here to see what they do and you might be familiar with the company so they have home sound systems so loudspeakers systems these sound bars right i mean this is what they do this is what we see here uh let me just zoom in a little bit so that you can see a little bit what they are doing so i mean overall does sound like a reasonable company right now let's take a look at the chart you see the chart also looks pretty good but maybe we should first take a look at the financials let's take a look at sono here let's take a look at the key stat and you already see there's a super solid growth stock here right they're actually posting nice growth as you can see year over year nice growth and there's the profits right these these little green blips so they are profitable they're not growing like crazy they're growing slow and steady and they've been around probably for many many years i don't know for how long they've been around this is not too bad so keep in mind right now we are still on weekly charts so i'm looking here at daily charts what i like to see when i'm trading stocks according to the wheel i would like to look back for the last eight weeks and see if i can identify some levels of support so first of all do i want to own sonos and i say yeah i wouldn't mind owning sonos so they are solid growth stock making profits growing slow but steady we're good here so if you're looking back over the last eight weeks right now it's september so i mean we can go back as far as here may and we look do we see solid support somewhere and we see a solid support at 32. now we could be a little bit more aggressive

and say ah you know what they did below
32 a few times and right now
even at 33 this would be good support
right wouldn't you agree i mean just
looking here at the chart uh you get a
better idea of what is happening so
let's take a look at the power x
optimizer and let's see where right now
we have some premium if you're zooming
in here
we see that it says a strike price
of 34.
for me 34
this is a little bit risky
it's a little bit risky because this
here is not really solid support i mean
just looking at the chart i told you
would be very happy at the 32 level but
the two main parts of the question is
first of all do you want to own the
stock sonos yeah
i i want to own the stock i wouldn't
mind owning solos number two at the
strike price where currently you see
premium
and for me looking at this i do not want
to own sonos at 34.
however if this dips a little bit more
and i have an opportunity
to sell
the 32 put
then yes i would be very interested so
this is why right now i like to mark
this as a maybe
why is it a maybe because
all i need i'm already okay with
criteria number one i want to own the
stock criteria number two at this level
no but you see since i already have one
of the two criteria that is met here
this helps me dramatically is this
helpful at all
that you know how i pick the stocks and
how i look at the list of potential
candidates
do me a favor if you find this helpful

at all

just click on like this helps me to see
because then i can quickly see it at a
glance here at the computer if you're
liking this and i'll do more of these
videos where i'll give you a real life
example and walk through this but right
now let's talk about right and what went
What Went Wrong With RIDE
wrong there of why i am in the situation
that i'm in

because this is where i just violated my
rule of looking for growth stocks i got
a little bit greedy i must admit right
and i was bored out of my mind i was
stuck actually
in florida

during the ice storm that we had in
texas and there was not much to trade i
got a little bit impatient and you see
if today i mean there were several
opportunities today but overall today
we had an update what does it mean well
we talked about it in the beginning of
the show markets were up uh between one
percent and one and a half percent when
this is happening there's not a lot of
premium inputs right and this is what we
see that today

we had a bunch of
no's or even nevers monday i mean on
monday when the markets plummeted two
percent there were plenty of
opportunities on monday i'll show you i
traded uh jpm morgan so jp morgan i
traded x u.s deal i traded boeing uh we
will get to this trades here in a moment
but there's nothing on the trade it's
always stuck there and i was bored and i
was looking for a trading opportunity
and i don't make mistakes very often
but when i do

so

let's take a look at this right and
again just going through the usual due
diligence looking here at the financials

well right
has actually no income at all no income
but
you see there's no income
but a lot of losses so no income is
already something it's a big no okay
no
income
means
for me
no trade
okay
but i told you i violate this rule but
knowing what you know now you quickly
see of why i made a mistake there now in
terms of do i want to own the stock at
the strike price this is where if we go
back to the levels that we had i think
it was trading around 25 27 the strike
price was 21.50 at that point just
looking at the chart just looking at the
chart it looked like we were solid
uptrend right i mean here's an up
channel we broke out of this one so
technically the price was okay but i
wanted the first out of the two criteria
this is not a stock that i should not
have traded now we'll see how this ends
i mean right now i have an unrealized
loss i know that some of you like to
argue although i should trade this
unrealized loss for me and i realized
loss is subject to change i mean in my
account it's subject to change a few ten
thousand dollars a day because i'm
trading a 250 000 in cash there so 500
000 in buying power and even this is a
it's a little bit smaller account than i
usually trade but uh right now i've
stacked away some money out of the
account for a possible real estate
transaction i'll tell you more about
this another day anyhow
so
there you go the two most important
things

really is when you're looking at
potential real candida candidates is
number one do you want to own
the stock and then number two do you
want to own it at
the strike price
and this is where i showed you the
example of sonos that in general i would
like to own the stock but not at this
strike price so i hope that you found
this helpful and if you did uh just
click on like and i'll also have a
couple of more videos popping up right
now here on the screen somehow that show
you in more depth what the wheel
strategy is how it does i'll probably
also have a video popping up about
flying rescue missions because this is
what i like to do when a trade gets in
trouble so take a look at these videos
and then i'll see you in the next video