

Intro

all right hello everyone my name is mark hodge head coach at rockwell trading and i am here sitting in for marcus so it will be coffee with mark today and before we get there we go before we get too far ahead of ourselves can you hear me for anybody checking out the stock market update this morning i had a hard time with my microphone i just want to make sure that yes you can hear me before we go too far into this yes yes okay wonderful wonderful gosh and then i'll do my best to make sure that i'm sharing my screen as well uh so good good gosh you know i've done this enough you'd think that i'd have the mic part down and also the screen share down but uh this morning was not my morning anyway it's been a good afternoon so we'll end it on a positive note and i'm happy to be here with everybody thanks

for joining let's go ahead and just uh change this view there we go welcome to coffee with mark and let's take a look at what we're going to do today we're first going to start off by taking a look at the market see what took place today i'm then going to share my 10 step wheel

trading checklist so i've had a few people ask me for a checklist and i thought that it would be a great time to

to share this so we're going to focus a little bit on the wheel strategy in my checklist for finding good opportunities

to trade and then we will review my position so i'll let you know the trades that i'm

currently in and last but not least we'll tackle a couple of questions so

this is what we will be focusing on for right now what i want to do is i want to

stop sharing that screen and i'm going through the process to make sure i do it right this time

i am gonna share this screen there we go

[Laughter] so so far two for two the audio is going great the screen

share is going great okay i got this i got this all right well if you were following

What's Happening In The Markets

along today it's been an interesting trading day i'm bringing up the s p and we're looking at a daily chart here so

we opened higher kind of you know went sideways a little bit and then there was a a pretty decent sell-off here so

during lunch the s p sold off got a little bit of a bounce uh with about a half hour to go before the close uh

we're going sideways here off of the session lows well off of the session low so that's a positive but it

just looks like it's gonna be one of those septembers where uh yes

september's are not always bad but they have a tendency to underperform and that

is the case for this september uh so with uh the month wrapping up we could

take a look at a monthly chart we'll go here we see that the s p right

now almost down four percent for the month if we take a look at the dow the dow is down uh almost three and a

half percent if you look at the nasdaq nasdaq's down about five percent so

pretty ugly september for some people uh but you know this is where i think there

were a lot of nice wheel trades and that's why i wanted to share my trades but also my 10 step checklist so it was a pretty actually was a great month for collecting premium so we'll talk about that but this is what's going on it's also the end of the quarter here and it looks like with the drop uh nasdaq's gonna be on the fence on if it finishes positive or not i believe but the dow looks like it's going to finish the quarter negative and the s p although a nasty september looks like a positive quarter uh and that's uh putting the s p in a six quarter win streak which is the longest since 2017 when the s p finished uh with nine consecutive winning quarters so let's uh oh well let's talk about this so investors are still keeping an eye on washington uh the senate they passed a bill that would fund the government through early december we knew this morning that a deal had been made but the senate officially passed it uh the deal still needs to pass in the house but that's expected to happen that debt limit ceiling that's still going to be an issue so they had no resolution there that that will uh be a concern or something to be aware of until october 18th uh fed chair jerome powell and treasury secretary secretary janet yellen were testifying before the house financial services committee this morning and yellen she did reiterate her call for congress to raise a debt ceiling she said that the failure to do so failure not to do that would be catastrophic so that's something i talked a little bit about the government and its impact on markets at least day to day in this morning stock market update generally speaking yes uh washington can have an impact on the markets i'm not saying that but the markets will pay a lot more attention to the fed monetary's policy other things earnings that sort of thing um so it's it's not like we're out of the woods or it's something to be totally concerned with but it's something to be aware of as a trader now one thing that really just kind of snowballed into a bigger uh deal this morning and that was this drop in bed bath and beyond so bed bath and beyond here earnings missing earnings and a huge earnings miss with them saying that consumers are spending more time at home and they saw a big drop in traffic in august which isn't good for retailers the company highlighted supply chain issues which we know continued to be a concern and those supply chain issues lasting longer than many people expected but higher costs are really picking up at an alarming rate that's a concern for this quarter also carrying over into the next quarter so i think that's that's part of the concern here and uh there this kind of carried over into other retailers as well like you know bed bath and beyond i mean they've been having a rough time for a while uh if we look at the bigger picture here yeah we anyway we got a bit of a bounce uh because of the pandemic uh go figure but they were kind of in a downward spiral for a while but nonetheless that

lower retail traffic higher costs supply chain issues those are all things that could affect any retailer and it seems like that did carry over into some other names uh bed bath and beyond has huge exposure in texas florida and california especially with the delta variant uh being high in that that bigger exposure in texas texas and florida and that's something to think about with other retailers as well jwn down 8.24 today we look at calls calls down 11 today look at macy's macy's down eight percent so it just kind of snowballed into bigger concerns well we'll see if it's a bit of an overreaction but today there's no ifs ands and buts about it retailers are taking some heats so let's um let's do this that's what's going on right now uh dow's taking the biggest hit today as we approach the close s p down about half a percent like i said uh we're going to finish the month uh negative for sure uh week looks negative as well quarter s p should finish higher now let's do this i want to jump to my my 10 steps checklist my 10 step checklist for wheel trades and then i'm going to share the trades that i'm in so let's go ahead and i am going to bring this up once again and let's uh do this let's do this there we go all right so

My 10-Step Wheel Trading Checklist

10 steps my 10 step checklist for wheel trades the first step is do i want to own the stock this is where i see traders get stuck all of the time they are drawn to the premium collection once you learn the strategy and you understand that the first step is selling puts right then the first step is selling puts someone gets drawn to that premium and they forget about what happens when you sell the put and when you sell a put you have an obligation to buy shares at the strike that you sold so that means that you should be willing to buy shares at that strike that you that you've sold so there's two parts here one do you want on the stock and two do you want to own the stock at the price uh that the strike price is that that you are selling and sometimes the judgment can get clouded a little bit with a blooming premium and that premium is just one part of the decision-making process so don't get you know caught up in this high premium if it's not a stock that you want to own because i guarantee you that that premium collection can work very nicely for a while but when it doesn't work when you get a sign and there's a little bit of a drop you really want to make sure that that's a stock that you want in your portfolio and if you're trying to bail when the stocks you know trading around the strike price that's the worst time to do that so make sure you know going into the trade is it a stock that you want to own if yes i'm happy to proceed to the next step if maybe then i will continue with my analysis if it's not if it's not a stock that i want to own i'm moving on to better trades so

i'm not going to trade a stock with the wheel strategy just because of its good premium or because the strike price seems so low that it's impossible that the stock will drop there trust me if there's option premium at these low strikes that's for a reason option traders they're they're pricing options they're buying and selling options based on the expected move and so if options are high and if if you could sell strikes so far below the market it is not because they're a bunch of dummy options traders it's because traders option traders in particular they're expecting a big move so you're the dummy if you're selling that premium without figuring out if it's a stock you want to own and a strike that you want to own it at so continuing with the analysis a few things to consider do more research right i like to trade stocks that i am familiar with and so having a history in the market and being you know a trader for for decades really i kind of have a feel for the stocks that i want to trade but there are new stocks or stocks that pop up that i need to take a closer look at what do they do like what's the story right is it is it a stock that's rallied just because of some craziness and some speculation uh you know like a reddit stock or is it a solid company that has been around for a while that's doing well i mean this is that growth versus uh you know uh income stocks or uh you know quality uh rather than just focusing on crazy growth sucks so i mean that's where you have to do a little more research find out what the company does and also chip doesn't like this company all right so as you probably have just learned my dog chip is my trading partner and he's quiet for 90 of the time when he's in my office and we're trading but every now and then he gets excited when someone's out front anyway uh so research the company does it have any news coming out right are there um is there news coming out that could impact the stock like you know just something big that's going to be released something that's going to have a major impact on the stock hey give me i apologize all right so a chip interruption for the afternoon no audio for this morning no video around two but i guess a little dog bark every now and then dogs are good for you unless they're barking all right so let's let's go back here and uh yeah i gave him a couple of bones but this time he was not interested in all at all so let's try this again so in addition to news you know what could move that market what are tr what are traders looking at right you know any news earnings anything coming out about the company to know or be aware of that would be part of the analysis uh also you know is it profitable is it a profitable company this is something that marcus has mentioned if you've been following the coffee with marcus's and um the the videos that he does you could check the company look at the

profitability uh specifically look at the net income for the last two quarters i know in the past he shared how to do

that using trading view so that would be something to consider is it you know a stock that has never

made money or company that's never made money or is it a company that's moving in the right direction those are things

to consider if you are at a maybe otherwise if you're a no that's where

the that's where the checklist that that's a stop right there if it's a no if it's a yes let's proceed and so

let's go ahead and let's proceed the next question to ask yourself is is the stock moving sideways or higher

right and so when i'm trading the wheel i'm perfectly fine with the stock that's moving sideways that's the beauty of it you could make money well see i consider

the market to have five directions right you have a strong uptrend an uptrend

sideways uh downtrend and a a strong down trend right and the

uptrend in downtrend you could you could even say minor downtrend right and minor

uptrend well the thing is in three of those scenarios the wheels a really good fit uh it's a

minor downtrend uh sideways or an uptrend and and more you know more so i want to lean towards the

sideways to the uh you know the higher but it could pull back a little bit it could be a

stock that's in a minor downtrend i almost don't even want to say downtrend but there could be a couple of

days where it's dropped a little bit where premiums are going up and it's a solid company you want to own it you look at the chart looks great and so

that's a scenario that i'm not too concerned about but even with that said you could be profitable in four out of

five of those directions so in an uptrend you can make money selling a put if you really think the stock's

going to take off there's a better approach you don't either buy the stock or buy calls but in an uptrend you can

make money on selling a put the first step of the wheel and a minor uptrend you can uh make money on the stock going

up and selling a put in a sideways market the you know the third market direction you could make money

selling a put and if there's a minor downtrend you could make money selling a put especially if the the strike is at a good place but also

if there's a minor downtrend you might get a little bit of a pullback you get assigned and then the next week it's

your best trade of the month because you own stock after a little pullback the

stock's rallying and you're able to make money on the calls and the stock so

the fifth scenario where you want to try to avoid but this is why if you do get caught in this situation

you want to make sure it's a stock that you really want to own is in a downtrend right so you want to avoid trading

stocks that are in a downtrend but by picking a good stock there you're better

off you know owning a stock that you want to own if that happens so one out of five scenarios isn't ideal for the wheel four out of five works just fine that's why i love the wheel because the odds are clearly in your favor so is the stock moving sideways or higher yes i'm gonna proceed because it's perfect for the wheel if no then i want to take a closer look at support where is support where my buyers step in right if it's dropping a little bit where might buyers step in based on past price and in behavior of the market but i really really want to avoid a stock that is essentially in a free fall right that is not what you want to sell puts on the premiums can be juicy right the premiums can be high because when there's fear in the market and when options traders are betting on a bigger move you could collect high premiums but that is not what i want to trade when i'm trading the wheel so i'm looking for a stock that's moving sideways or higher or if there is a little bit of a drop making sure that there is strong support now let's look at wait a minute i have to show this one i know for anybody joining late uh you probably didn't hear chip barking but larry chip's pointing out that stock's a real dog all right well played well played all right so let's uh let's talk about the the next step on my checklist does the stock have irrational gains so what the heck does this mean well this is where you've probably heard marcus say that he avoids crazy stocks right uh and meme stocks if there's a stock that has irrational gains if a stock's gone from five dollars to two hundred dollars the problem is it could have irrational losses right and that stock could go from two hundred dollars right back down to five dollars trading the wheel because you really have limited reward when you first start selling the puts it doesn't make sense to trade a stock that could be all over the place like that uh because you want to trade a stock that has a little more of a predictable behavior right and a good quality stock if it's a good stock with predictable behavior sure anything can happen but it's less likely to experience a significant drop right quality stock that has you know strong trends of the upside without you know this irrational parabolic move uh they're not likely to fall as fast as something that's just gone crazy so this would apply to like the the gme amc uh clov you know the meme stocks so i mean that's what i want to avoid if the stock has irrational gains then i move on to better trades if the stock has you know gone up over time or is sideways you know but just a more predictable uh you know very systematic approach then no i'll go ahead and proceed i'll go to the next the next step here so another thing that's important for me is that the stock has weekly options now

this is where marcus and i have i wouldn't say we're the only traders that do it this way but historically speaking the wheel if you have learned about the wheel um basics or just you know cash secured puts or covered calls generally speaking investors have focused more on long-term options right where you might go out a couple of months and marcus and i have found that it's hard to predict what the market's going to do in six months let alone six weeks but it's pretty easy to be on the right side of the market for the next six days right so that's where weekly options are so powerful and i believe that there's two advantages here one if the stock's just behaving you can make more money potentially by selling weekly options you know instead of selling a uh put that you know six months out or sorry six weeks out not six months you could sell puts six times and not only can you collect premiums six times by going with weeklies but you can adjust and accommodate market moves so instead of being just stuck with a six week uh to expiration put that you've sold every week if necessary you could say you know start with the the 40 strike put and then if the stock drops a little bit maybe you adjust to the 39 you know if it goes back to 40 you could sell the 40 and you could collect a little more premium so you have so much more flexibility with the weeklies and i believe that if the stocks behaving you could collect more money by selling weeklies and if a stock isn't behaving or market conditions have changed you can pivot and maneuver around those market conditions more effectively so you don't get stuck so that's really important to me the other part to it is just like if you go to sell puts that are six weeks out it's gonna take a while for that premium generation to really take place sure you you get the premium that i mean if you sell a put for for two bucks that's your two bucks but if you're trying to close it for a profit it's going to take some time before you can close it you really can't look at 90 max profits like we do with our weeklies you might look at a 50 gain right that might be something that you can achieve in two three weeks if you sell a six week put but then again if you can sell you know weekly options you're probably going to do better so anyway for me this is important does the stock have weekly options if yes then i'll go ahead and proceed if no i'm moving on to better trades so another step here on my checklist does the stock have earnings coming up if no i'll go ahead and proceed if yes i'll move on to better trades or wait and as a put seller i do not want to sell a put where earnings will occur before the puts expiration so if i'm selling a put for next friday and earnings are on wednesday that's not a put i want to sell because there will be some more premium but once again that premium is factoring or its basing is based on the expectation that earnings and events

on a specific date could potentially move the market so there's uncertainty and the challenge there is you're taking a you know a limited reward trade and if there's a big move that goes against you then i mean that's just not what you want for the wheel strategy you want something that's a little more predictable that that isn't expected to make a big move um and yes you can get bigger premium by selling puts with you know uh that that have earnings before the expiration but for me that's just too risky i lose the advantage there as a put seller starting the wheel process so for me that's not something i want to do i'll either move on to better trades or i will wait until after earnings and see if after earnings the next put looks good all right so next does the option premium give 30 annualize and for those of you i know we have a lot of power x optimizer uh users here and i mean for me the this is where the wheel scanner is just it's it really simplifies everything but what i want to see is that on an annualized basis if i'm if i'm collecting some premium i'm getting 30 percent on that that put right i might buy it back at 90 max profit but i want to see a minimum of 30 percent to make it worthwhile if yes then i will proceed but i want to go one step further because if the premium is greater than 40 i really want to make sure that i check the stock for news especially if it's not a stock that like i really really know because higher premiums with the wheel aren't necessarily better trades and if it's higher i'm gonna show why in a minute um but that's a warning that would be a reason to do a little research to find out what's going on why are the premiums so high are they too good to be true maybe maybe not maybe it's a solid trade and traders do expect a little more movement so the premiums are higher but it could be google trials that's not something that you want to have coming out uh or earnings like we said or anything else big like that if i can't get 30 annualized and i'm gonna move on to better trades so if we go to the next step is there a rational option premium we talked about irrational stock behavior but on the option side there can be irrational premium as well and this is kind of an extension of that that 40 because if i see that the annualized return is greater than 40 then i'll i could do a little research and say this is what i want to trade if i see that all of the options just huge premium uh you know the the implied volatility is huge the rois are are just off the chart that is a huge warning for me so if it's irrational i'm going to move on to better trades and i want to give two examples here uh specifically one that happened this week so this was the wheel scanner for oh you know what i meant to take edit this week and i took gme no no no i'm sorry i did take edit so i saw gme i've black flagged that on my scanner i saw that at the top and when i glanced at it i was thinking i took the wrong screenshot but on monday edit edit a biotech stock if you look at these option premiums here you look that there is one two three four five six options or actually

some more but six in the view without sliding over and the orange highlight that's a warning with the power x optimizer that last row the annualized roi this annualized roi actually here i could i could do this i could do a laser pointer so this last row here annualized roi on monday if we sold friday's 40 strike which is 30 below the market on that day 46 annualized pretty good right and if there were there was a bunch of green in one of these that might not be as much of a concern but then we look okay the 45 strike 22 below the current market 146 annualized the 50 strike for this friday 321 annualized the 52 strike which is still 10 below the market on that day for this friday 393 annualized these are silly numbers these are irrational option prices so when i see this this is a hundred percent a clear no i i stay completely away from this and if we look at the chart here let me i guess i need to get rid of my laser pen or pointer if we look at the chart this is what happened so on monday when it was trading at 57 bucks you were looking at it maybe thinking oh this can't fall by that much and then today it was trading at 40 bucks right so that is a huge drop now if you were just drawn in and you weren't worried about owning the stock you didn't do any research you just saw that there was huge premium here it could have been easy to step into this trap but if you saw that as a warning and you realize that in no way you know that this is just too crazy then you wouldn't want to trade it and there's there's no way i would have touched this and it felt you know now it's at 40. so i mean this is unfortunate uh for someone who isn't really following the steps that we outline for the wheel but this is why i have it as one of my checklists or one of my steps in the checklist all right so let's uh actually let's go back a slide um so here this was sava this was on august 25th another one here if i if i zoom in a little bit you see that sava i was trading at 86 85 27 on uh the day that i took the screenshot the 50 strike 41 below the current market had a 73 annualized return the 55 strike is 66 percent you get the idea here so 168 on the 65 strike still 24 below the market so what happens here well the market just takes out all of those strikes that's why for me option premium isn't everything yes i want to have a minimum for the trade to make sense but if it has irrational options pricing then i'm going to stick i'm just going to stay away it's not something that i want to trade all right so step the next step is there good premium for the current week yes i'll proceed no i'll see if there are other a plus trades before proceeding so i like to sell option premium for the current week especially if there are a couple of days to go before expiration because that's when you're going to get the the best time decay and as a dollar value sure going further out will bring in more premium as a dollar amount but when you

look at the premium per day the premium per day is often higher where you can collect premium for maybe three days and then sell the next week and get two premium collections for the price of one

kind of so i'm always interested in going for the current week but if it's a real solid trade i really like it and i

i don't see anything else then um i'll see here i'll see if there are any a plus trades if not i'll go ahead and i

might consider going uh a second week out but i'm always starting with the first week

here important concept is the strike at or below support if yes

i'll proceed if no i'll move on to better trades so i want to make sure that if i'm selling a put and i'm

selling a strike i want to make sure that that strike is at or below a support level when i'm looking back on a chart and i'll show some visuals here when we look at open trades that i'm in but that's something that i want to i don't want to just sell a put at a strike where i get a sign and then the

stock drops five bucks going right down to support i want to see that that there's some support there for two

reasons one it's less likely that we'll get assigned uh and if we do get assigned it's more likely that the stock will hold at that level right which means that it's easier to sell calls and it's easier to make

money on the stock if and when assigned all right and then there's is there nice

premium on the call side so this is the last step for me because there are some times where a good quality stock pops up

and i i would love to trade it um oh gosh what was it this week

i think it was uh i think it was a bank

it might have been i can't remember now uh but i'm pretty sure it was a bank that popped up on monday or tuesday and it was really just a good trade and if i was just thinking you know it's kind of like chess play a

couple of moves ahead right but i was just thinking about friday and where that strike was where it would expire i

would have taken it but seeing that the calls really didn't have if i do get assigned the call premium was so low

that if it moved against me it would be difficult to really manage that trade and defend it in the collect premium

which is the second step of the wheel or the the third step if you get a sign on step two and the third steps you know

sell calls uh against stock that you own uh so this would be the other thing so

sometimes you've just been trading a stock for so much or has popped up on the radar you just know that as good

premium but if something just out of the blue pops up and you're thinking wow this is a great company it's a great chart it's a great stock makes sense to double check the premium on the call side

because it could be that because of current market movement premiums have jumped a little bit but there just isn't

a lot of premium in the the further expirations out so to recap this list so this is my ten steps for the best wheel checklist step one do i want to own the stock step two

is the stock moving sideways or higher step three does the stock have irrational gains step four does the stock have weekly options step five does a stock have earnings coming up and step six are oh we already did that one uh step six does the option have a rational premium step seven does the option give thirty percent annualized step eight is a premium for the current week step nine is the strike at or below support and step ten is their call premium if assigned so i'll just take a look at a few questions and then i'm going to share my trades and we'll take a closer look at a few things that i think will kind of help put all of this into perspective and this is where webby wonder says that's me stuck and forward no premium on the call side no i think that's a great example and so just taking it one step further this is why i hope this checklist helps um you know seeing that there is good premium on the call side makes it easier when you do get a sign a few people asking where marcus is uh marcus wasn't available today and uh we decided uh last time we got together and met that instead of just canceling i'm gonna do coffee with mark instead so i hope you're enjoying it um all right let's uh let's see here so earl when calculating per position allocation do you calculate that based on the cash balance or marginal purchasing power well if you're using margin to determine your position sizes then i would do it based on the position sizes that you're using so if you're not using margin then you just use cash but if you are using margin because right there's two there's two parts where you kind of have margin uh one if you have a margin account you have stock margin right so a typical margin account you have two to one extra buying power you have a hundred thousand dollars in cash you have two hundred thousand in margin now it's not margin but many traders will confuse it with margin and it's very similar but that's where if you have the approval to sell naked puts if you have the approval to sell naked puts your broker will usually require only 20 of the full buying power required for that trade when you go to sell a naked put so some traders assume that's margin but it's not margin because your broker doesn't give you money to borrow or they don't let you borrow options right they're just they're just saying that okay when you have more experience and you have these higher approval levels will give you a little more flexibility so you don't have to set aside as much money in in buying power required to put that trade on so technically not margin but the two kind of go hand in hand but if i'm basing my full positions right full positions where if it's a hundred thousand dollars and two hundred thousand in margin

you're trading five positions of forty thousand a pop your broker might require only five thousand to sell a put on that 40 000 position but if i'm basing my uh you know positions on margin then that roi is based on that too all right

kathy woohoo pxo in the wheel love being in masterminds wonderful great having you yeah it's a lot of fun we had a good call this morning even though i just couldn't figure out youtube [Laughter]

yeah and i mean david uh i yeah happened with me before the mastermind in gsx now go to uh it's now at you know two dollars three dollars a share when it was at 58

or that's where you were assigned i mean that was the thing if you looked at the premium the premiums were a warning right so i i hope that this this checklist helps other traders avoid that situation yeah junior says i barely escaped edit

before the rollover last week guilty of chasing greedy option premiums you know it's it's common and it's tempting right

uh you know sometimes in the mastermind group it's all about deselection we're trying to talk ourselves out of trades

and uh i mean that i think is okay remember that being on the sidelines is a position uh so you know don't get caught up in just the premium just yeah say would i be willing to own the stock for three months and if you would be

hard if you'd have a hard time owning it for three days don't sell puts on that stock all right let's see here uh tony you're more than welcome to

leave no i'm not trying to be a dick but if you came for marcus and he's not here uh and you're not enjoying it feel free to spend your time doing something else uh we weren't trying to bait and switch it

just ended up that way all right so let's look at trades let's look at trades perfect so

let me share my charts here and let me also take off that and well let's start with a share do one thing at a time

My Current Trades

so we'll go to the chart perfect

and i wanna

there we go i'm gonna hide that perfect perfect so let's talk about open positions here and uh ark this is a trade that marcus and i

both traded so we saw this i i think it was on monday we put this on maybe tuesday um but a r k k and i made a note here because marcus and i we both sold the 105 put expiring this friday and when we sold it so ark it looked

like it had some decent support right around here and at the beginning when we sold it it was kind of testing

this level and when we look back at a chart there was some support but we were a little worried what happens if it falls through that support level right so if short-term support didn't hold we saw

this and it looks like going back a little bit the 100 to 105 range could act as support so we felt this was far enough that even if we dropped a little bit we'd be okay at 105 a

possibly letting the option expire worthless and just collecting the premium or b
if we do get assigned the the chances of okay you know it trading around 105 or
maybe even coming down to 100 there's some nice premiums in those calls and so
like even if if 100 round number support holds up like this one should be pretty
easy to defend so we sold the 105 put we liked it so far it's working okay today closing at 1 10
53 even though the markets were down today look at that a little bit of a sell-off
into the close here everything turning negative um so nasdaq was positive positive when we first
started

let me get a sip of my coffee

all right so yeah i mean the the selling uh continued but arc

looking pretty good okay so another trade that both marcus and i are in u.s steel

so us steel here we see let me go ahead and reset the chart

u.s steel i we we've traded this a couple of times made some nice

nice uh money on this now you know we avoid it when it gets to these upper ranges but when we
see that

it comes back to these like support levels so we traded it here let it go a little bit waited for the
the pullback

and traded it again a couple of times i think we did it last week and then this week don't quote me
on that but uh either way

uh this week we sold the october 1st 21st put

and looking good looking good i mean it's just kind of stuck around 22 but

even if we get a sign i mean if there's a drop tomorrow we get assigned 21 okay that i mean this
works for me so

this stock nice support nice premium everything looks good not a crazy stock

you know not going wild nice gradual run up uh nice sideways move with support so

this is this is just a great wheel uh candidate in my opinion okay so gdxj

is a trade that i have on that marcus does not and so this is another one

i've traded this name a bunch of times and so i want to admit that it was probably

because i'm familiar with this one that it tipped it into the yes category because i'm familiar with
it i've made

money on it it's just something that i found that even when it kind of found some

downside here it has a tendency to bounce and trade in these ranges where we could still you
know make some money

on it um i sold the 39 put i was assigned last week so it closed at 38.93

a couple pennies below 39 i was assigned and on monday it opened higher uh

because we were trading right at the support level instead of selling a a higher call i went with
the 39 call

collected 60 uh cents which for a 39 stock is just

awesome premium and it has dropped a little bit straightened below that 39 i put in order to close
my 60 or the 39

call that i sold against the shares i own at 90 max profit to be honest i don't know if it filled i
haven't

checked since um you know about 15 minutes before this uh video

so this one uh we'll see if uh if i didn't get

filled on the 90 max profit i will take that order off and i'll let it expire tomorrow tomorrow i'll
look at it if it

gets called away great if it closes below 39 and i get to sell calls again next week great i i could check and see what the premium looks like for next week if i if i'm in or out of the 39 call see if a roll makes sense uh but here i own shares at 39 collected some nice premium on this one this is one i am in but marcus is not now jwn marcus and i are both in we were assigned at 30. you we collected some money on the put side we collected some money on the call side we recently sold the 30 call and it was flirting with 30 all week until today like i said i i believe that bed bath and beyond was kind of that that distress signal for retailers because it seemed like everybody else just kind of picked up and and sold off too i would i hope that it's just an overreaction here does look like it's finding some support at these lows uh but hopefully it's a bit of an overreaction and we could start selling calls again otherwise this is one where i'm okay owning it and if i need to fly a rescue mission on it then that's that's fine again make sure it's a stock that you want to own and if you do get a drop that is a little unexpected where support breaks you know be okay owning it for a couple months i am i am all right so uh lvs another position i mean this one we've talked about it uh today i sold 35 puts as a partial rescue mission those were up last i looked um but i wouldn't mind getting assigned to 35 bring that average cost down so that's the point with a rescue mission so if it's a stock that you're willing to own but then markets tell you that it's dropping uh instead of going sideways or higher than you thought you know be patient if we were aggressively selling puts flying rescue missions here we'd run out of money and be screwed instead we waited for this this drop waited for some support we started we sold the 39 put i believe and then the 37 put and then today the 35 or maybe it was 37 36 35 uh but either way we've sold puts now that it's it's fallen so now we're collecting money on the put side but i would be fine getting assigned at 35 bringing that that average share price down so i could sell calls uh start selling calls again without having to make a move all the way up here so being able to manage trade the trade knowing what to do there that's a big advantage um you know i i wouldn't be surprised if we start to see some upside to lvs over it might not be the next you know week or two maybe the next month or two uh but i do think that the concerns there are a little overdone it's not that they're not valid but i think that the reaction is a little overdone we'll see we'll see uh let's look at ride i know that someone asked about this one and on this one so this was crazy so there's there's news today that ride they are uh in talks to sell their

plants their their manufacturing facility in ohio that they purchased from gm two years ago and uh that news sent this stock almost up to nine bucks so it was up big today it's pulled back and uh closed just below eight dollars a share uh up eight and a half percent today while the market's down i think that's a positive that could be part of the the pullback just the overall market sentiment and and uh you know the indices being down maybe not a huge impact but uh i i would almost guarantee that if the markets were higher there would be a little more optimism on this one um i it sounds like when i looked into it i didn't look into the full commentary or all the information on the potential deal but it sounds like it's kind of a win-win for everybody where ride gets a huge infusion of cash which will help them there they say that they're going to be producing i want to say it was you know end of the month or beginning that that's where i don't know the exact details i'm sure someone could comment and share exactly what's going on but they're focused on production and they have cash flow concerns and the selling of the plant would it's huge like this this place is absolutely huge it would bring in the cash flow that they need really help them out there with production and it sounds like the other company which i don't know too much about it would be a win-win for them too so it sounded like it was positive news the mark you know traders reacted it to it in a positive way but it did come well off of session highs all right so there are two stocks that marcus has puts on and i'll share those uh the first one is amat applied materials so marcus sold the 126 put expiring friday so strong support here he put this on yesterday so marcus has sold this one another one that marcus put on that i did not is xme so the metals and mining etf he sold the 40 put expiring friday and so that one's looking great um so everything looking pretty good we might have some work to do with our open positions but i mean that's it's a lot easier and more comfortable when you're in a trade that you're okay owning right you're okay owning the stock and then it's just about managing the trade uh and then getting a nice turn and a nice rally with patients and profiting from that

Ask Me Anything

all right yeah paul says so this is the company that uh is potentially buying the plant from uh or the manufacturing facility from um ride or lordstown motors foxconn they make iphones and it's partnered with fisker that works so dave says how will cash will help riot if they have no factory to build trucks so i mean this is where i don't know the exact specifics but i know this place is huge so my guess is that they would have a leasing you know arrangement where they are still able to use the facility but it's my understanding that this place has so much room they were looking to bring in other companies to use part of the space and what they might have done is sold

the uh you know the facility to someone who has more cash to get that cash but the details might be coming up with a arrangement where they have a long-term lease available all right

okay so and you know i mean this is where i don't know um on this foxconn is a contract manufacturer that builds all of apple's products sound like the right warehouse sales way to give up and cash out but see

i would imagine that the leaseback is the the whole potential here because they've been talking about production

and they need money that's right and it sounds like foxconn has a position or either they've entered the eevee space

or they are entering the ev space so again we might have more information coming up there but when i first looked at things today i didn't see anything that stood out as like a huge red flag like this is the end of ride it seemed like more of a strategic decision to get cash okay so there's a question about selling

calls below the cost basis when there is no premium at the strike price so marcus and i we begin by looking to sell calls

one to two strikes typically above the assignment price and if we can't do that then we'll consider selling calls at the

assignment price and early on in the position you know first week we're assigned two weeks or a sign that you

know we're normally not trying to aggressively you know figure out how to get out of the trade um and we're a little more patient seeing if this can stabilize we get a nice pop because some of the

biggest profits come from that scenario you get a sign the stocks pulled back then the stock starts to rally you sell

calls you make money on the calls you make money on the stock but if you've been in the trade for a little while you

can either wait for the stock to rally so you can start selling calls again uh or you could wait to potentially fly a rescue mission or you could sell calls below your assignment price the only reason i would consider

that is if i was really looking to bail on the trade right so most of the time

like right now i really don't feel like i need to to sell calls below the assignment price on lvs i believe that

by managing the trade by flying a rescue mission we still have a you know two-thirds to go on the rescue mission we started with one third we were assigned we're now dealing with the second third on the rescue mission

and we still have another third to go so i believe that by having some patience giving the trade time i could manage it

to profitability where i don't have to sell calls below the strike or the assignment price and you know if

you want to sell calls just to collect something to lower your break even just accept that anytime you sell a call you

have an obligation to sell shares so it is possible that you think hey i'm getting some good premium here the

stock's not going to go up to that price and then it does so just if you do that

be comfortable with selling your shares at that call strike and recognize that

you could be taking a loss on the trade if that's your intention or you're okay with it then it's something to consider
okay all right so hey let me tackle this last question and then we've been running almost an hour here so we'll go ahead and wrap things up
david says how far out do you go in time to sell a call after being assigned i'm really looking one to two weeks so just like on the put side i would rather go one to two weeks out because i don't want to be stuck where i have a difficult time controlling things right if we go out one to two weeks then if the stock's rallying but doesn't get to that uh call strike then there's a chance that we can just continue to adjust where we're making more money on the calls that we're selling we could even solve higher strikes if we want to
and if the stock is dropped a little bit there's a chance we could buy that that callback and reassess the trade uh you know day or two later stock pops we could even sell the same call or one week out where if we go too far out then you don't have that flexibility and if the stock drops chances are because there's still time value in the option you're not able to get out of the call at a good price you know you might be looking at 50 x's rather than 90 um but if the stock's dropping and it's short term it's easier to close that out all right
all right wait thanks for joining me and chip today with coffee with mark i i hope you enjoyed the call i hope you enjoyed the session uh marcus you know he does have a full schedule and he always tries to show to these sessions on monday and thursday but i'll be subbing for him if he cannot make it i hope you enjoyed
today we'll see you all next time and see you tomorrow morning for our stock market update until then happy trading
everybody