

you know on youtube all these traders
they're
always showing you how much money they
make with trading
very few of them are actually talking
about the bad trades
and you know what i thought today we're
gonna address it head on because many
people many of you had questions about
a bad trade that i'm in and the bad
trade is about
right lordstown motors so today i want
My Positions With RIDE Recap
to show you
why i entered the trade in the first
place what went wrong
with this trade how it is hurting my
account right now and what i'm
personally doing
right now to get out of this because
many of you asked me
what is your plan did you get out of
right are you still
in there and i appreciate all your
questions and concerns so i thought
let's talk about it while we are having
a coffee together but first of all
let's jump over into my account the good
the bad the ugly that's what i promised
in the intro right so
as you can see realized profits year to
date
i'm sitting at 94 476 almost
95 000 so that's pretty good right i
mean for six months and this is on a 250
000
cash account which i'm using as a margin
account so i have a stock buying power
of two to one
so five hundred thousand dollars in
buying power and you see
all of this would be handy dandy and
good if there were
this one pesky huge unrealized loss and
this huge
unrealized loss comes from one trade

right

i want to tell you first quickly why i
got into this and then i want to show
you what happened what i've been doing
so far

and what i'm planning to do so let's
just

go to the chart and i want to take you
back to

february this is february 2021.

it's actually mid-february i am with my
kids

at a sailing regatta in florida we're
doing good i have a few positions on
all is planned and then

this massive snowstorm hits austin texas
snowmageddon so what does it mean it
means that we are

trapped in florida yeah boo hoo could be
worse places to be

anyhow i'm there in my rv it's a 44 foot
motorhome and we are stuck there and you
know what

i'm bored out of my mind and this is
when i started tinkering around
with my trading plan shouldn't have done
it so i'm entering a trade

and i'm taking it actually with my
mastermind group and i say you know what
i am going to take an aggressive trade
i'm bored i which is never a good idea
right

i don't like to trade the usual trades
there's nothing to do right now so i
want to take a more aggressive trade and
at that point i liked lordstown motors
and the story again

this is mid-february way before
hindenburg report and all the kind of
stuff

so i'm selling puts at a strike price of
21.50 and the premium is good i'm
getting some really good premium
current prices are probably somewhere
around 26

and all is looking good pretty much the

day
before my options expire
hindenbure report comes out and says
they have a bunch of orders that are
fake that are not real orders they're
just pre-commitments
their trucks catch on fire so it's a
scathing
report and the markets react as you can
see within a few days
which we're jumping from 24 to around
17.
i'm getting aside and at this point i
own
7 000 shares of lordstown at a strike
price of 21.50
now first of all this is not a problem
at all
i'm trading the wheel strategy and this
all
is part of my strategy this is where
i've been
stuck in trades before that went against
me i mean
in fact right now i am in lvs we can
talk about this in a moment
so anyhow my plan is as soon
as the stocks dips more than 30 so it
has to go down
more than 30 percent i am flying a
so-called
rescue mission and what does a rescue
mission mean a rescue mission means that
now
i am selling more puts
hoping to get assigned and therefore
lowering
my cost basis now i've talked about
these rescue missions
quite extensively so if you're not
familiar with it i'll link to a video in
the description or also in the chat here
so that you can see
what my plan is there so this all is
still
according to plan so according to plan

i am flying a rescue mission at some point when the stock is down more than 30

so this means that as soon as the stock is here hovering around so from 21 so we we need to go down to around 14

so this is where at this point i'm flying a rescue mission and i am selling more puts i can't remember

i do believe it was for a 10 strike price

and i don't want to use all of my buying power for a rescue mission

i like to fly rescue missions in thirds so instead of going in with a hundred contracts which i would usually do i'm selling only 30 contracts at a level i believe it was 10. not quite sure

i i can look it up later anyhow so now after i'm doing this and i'm getting assigned

i'm lowering my cost basis to 15.79 so what does this mean well it basically means that i bought 7 000 shares at 21.50 and i bought another

3 000 shares probably i could have been a 10 or 11

not quite sure might have been actually a little bit higher

long story short i now own 10 000 shares at an average price so this is the cost basis here an average price of 15.79 and usually

what you see it is very very rare that a stock

goes down in a straight line usually what you see that it is stock is going down bouncing a little bit back up down bouncing a little bit this is where often you can apply fibonacci lines right and this is why the fibonacci tools are so powerful

where you see these retracements however
ride is one of the rare stocks that does
not like to bounce back right is one of
these rare stocks
that actually does go down
almost in a straight line as you can see
here
without ever bouncing back and that of
course
causes a problem because if i'm owning
10 000 shares at a cost basis of 1579
and now prices are around what
nine dollars 10 i cannot sell
calls anymore now this is part of my
strategy the wheel strategy that again
i've been very successfully trading
for a long long time and uh where i made
in real life profits like 95 000
but again this one here is a bugger
it just does not want to bounce back no
it gets even worse because here is why
it gets worse
since i have been flying a rescue
mission let's actually yeah
with one third where i actually bought
another 3000 shares i am flying more
rescue missions because i still have
another two-thirds
available for my rescue missions so i'm
selling
puts 30 puts at a time at a level of
eight dollars at a level of seven
dollars
hoping to get assigned what does right
do
never goes low enough to actually get me
in so that i can lower my
cost basis anymore now with my
mastermind members we have been
following this trade together and
many of my mastermind members have
actually been able to get assigned and
lower their cost basis i don't know what
happened here
this is just one of these trades where
nothing goes

according to plan well a few things go
according to plan but here i'm not
getting a sign
so this means that my cost basis is
still setting
at 15.79 right at some point
goes all the way down to a low of
6. and 69 cents
now when you have a cost basis of 15.97
you get the idea uh what is the
difference here is it like nine dollars
and 90 cents is that the difference does
that sound about right
let me just do the math really quick so
to be absolute accurate here
and say 15.79 minus
6.69 it is 9.10
when you have a loss per share of 9.10
and you own 10 000 shares
that is an unrealized loss
of 91 000
this is how bad it got however i was
following my plan
because that's what i like to do i have
a plan
and i'm following my plan and i'm
selling more and more premium
and by doing so i'm able to collect
14 248 dollars in premium
so yes i am sitting on an unrealized
loss
but then i have realized 14
284 dollars that i collected in premium
that money has been deposited in my
account
so i can subtract this uh
i can actually divide it by 10 000. so
this is
around 14. and 28 cents
so i'm deducting this from my cost basis
to get at a break even
this is not absolutely correct here let
me just correct this 1437
close enough close enough right i mean
1437 i wrote down 1439
you get the idea here okay so

this is where my cost basis is and now
the magic happens now the magic happens
and right
actually pops up right
pops up to 15 and
80 cents and this was just earlier this
week
so a few days ago i think two days ago
three days ago something like this now
What Is Happening With RIDE Now?
the key question here is that you might
ask okay did you get out
did you get out no i did not
and there are actually two reasons for
it and i want to show you exactly why
reason number one when that happened i
wasn't in front of my computer
i'm not watching the stocks all day long
usually my trading routine is such that
i'm only looking at the markets for 30
minutes in the morning
and after this i'm walking away i'm
doing other stuff i'm living my life i'm
not
glued to the computer so i did not
see when right went all the way up to 15
and 80 cents and i did not see when
shortly after this
it crashed all the way down to 11
so i didn't see it reason number two and
this is super important so let me
explain this to you
according to my plan and let me just go
out of here
according to my plan i am selling calls
against my existing position
and i sold 100 options 100 calls
at 15.50 these are covered calls because
i own
10 000 shares and i sold 100 calls that
expire
this friday and this friday would be 6
11.
now here is what happens when the stock
jumps up
what happens to call options if you know

options then you know that as the stock goes up these call options become worth more money so this is why i'm making money on the stock so on the stock yay i'm making money and on these options before expiration i would lose money part of the game part of the game so let's actually go to the trading platform to see how much these options were down when this happened so they went as high as a dollar seven so a dollar seven means that on the option i would lose ten thousand seven hundred dollars even though right now with the stocks i would be a break even so even if i was if i were in front of my computer at this time i might not have liquidated it because if i had i would have still suffered a 10 000 loss obviously duh yeah everybody can say no more workers you should have done this yeah of course woulda coulda shoulda see in hindsight we are all the greatest traders so what happened here we had positive momentum this was all before the report where the sec was filed and it looked good right i mean lordstown motors just announced that they will take their lordstown week virtual that they let the whole world see what is going on and just look at this chart i mean i don't know how good you are at chart reading but even if you just know some simple chart reading you see that we have a

solid
one two three formation here right and
we broke
above number two so just from a chart
formation standpoint this is a solid
uptrend also you know that i like to use
my
indicators and the three indicators that
i like to use according to the power x
strategy
are rsi stochastics they
macd so all of this looked really really
good and this is where
we saw that right has been in an uptrend
but then
the news hit and of course you can never
factor in the news
and went all the way down so this is
where right now
what do i do because that's the next
question right and again i i appreciate
all of your comments uh from those of
you that you should have gotten out
earlier
thanks yeah i mean again in hindsight
got it i'm pretty sure that you might
have been stuck in a trade
where somebody told you well you should
have gotten out much earlier
has this ever happened to you i mean i'm
just curious honestly
when i looked at the chart at this point
when i was actually when everything was
going on it looked good
so yesterday we had the highest
What Do I Do?
volume ever so what am i doing right now
i am aggressively selling calls
at or slightly below my breakeven
and this is how right now i mean
currently i can just show you
i have an order in the market here let
me just show you
so i have an order in there to basically
roll
this week's so for this week that

expired tomorrow
i still have a 15 call so this will
expire worthless
by doing so it will add another thousand
dollars to the existing fourteen
thousand something uh
dollars right so this is good it brings
me up to more than fifteen thousand
dollars
and now the next thing that i want to do
here
is for next week sell
the 14 call and my idea here is that
for this i would like to achieve a
credit of 50 cents
a little bit earlier today there was a
credit of 35 cents available
now just to let you know a credit of 50
cents
means for the size that i'm trading five
thousand dollars
five thousand dollars now tomorrow
depending on what lordstown does
tomorrow
i'm willing to lower it to three
thousand dollars you see if i can make
three thousand dollars
per week on lordstown motors
that will be good obviously i know
that there is a good possibility that
lordstown
can go further down i also know that
there's a really good possibility
just looking trade what you see not what
you think
right i mean i even have a mug made like
this so let's just talk about
what we see here i'm switching to a
five-minute charge
and on a five-minute chart we saw
yesterday
that there was a massive move we went
from
ten dollars to almost thirteen dollars
this is ten dollars there's 13 on some
rumors

that they might have secured funding
hope
is not a strategy i'm not hoping that
they will secure funding
but here's what i see i see that if
there is a small pop
and at this point the pop might only be
right now we are trading at 10
59 so if it is from 10 59 to 11 50
the 14 call option will double in value
and this is when i can possibly instead
of three thousand dollars
bring in six thousand dollars or eight
thousand dollars per week
now what does this do it lowers my break
even
to a point where i can got out with
maybe
a small loss and you see for the
size that i'm trading for me a small
loss
i discussed it with my head coach mark
hodge earlier would be
around twenty thousand dollars that's a
fairly small
loss for me that would be absolutely
okay see based on
250 000 in cash uh 20
000 is less than 10 so it's like an 8
hit on my account if i'm basing it on
the margin of 500
000 it would be a four percent hit it
really depends on how you see it you see
some of you might do it based on the
cash others might do it on the margin
so that's what i'm looking for so let's
go back and see
where we stand right now so as of now
right
the stock is down fifty one thousand
dollars you see it here
and i collected fourteen thousand
two hundred eighty four dollars in
premium
so right now i'm down 36 000
so it's not too bad i mean

yes let's face it that's not nice
36 000 based on my account size
is uh what around 15
it's not nice but it's manageable i mean
think about
have you ever done a trade that took
down your account by
half or by even more i mean in the
beginning of my trading career i did
super stupid trades i mean i was stupid
i was acting
stupid let's say it like this i was
placing trades
that really brought my count down by 50
to 60
so even if right now i would get out of
this 36
37 000 not nice it is not
wiping out my account and again my plan
here is
if you go back to a five minute chart
just so that you see it
what i'm looking for right now
are these pops are these pops where we
go from 10.50
to 11.50 because the implied volatility
that is governing
options premium for right it's kind of
off the chart
right now if you look at the implied
volatility
on the right hand side it is 242
two days ago it was 300 and 400
one trade that i entered today was a a
alcoa
this is where the implied volatility is
between 50 and 60
that is normal now the higher the
implied volatility
the higher the option premium and as an
option seller
this is what it means right and this is
good for me because i
am an option seller what i noticed
earlier today and yesterday
is as soon as we see a one dollar pop

which
again happens all the time and this red
kind of uh it's not that nice i have to
watch it a little bit more throughout
the day which is really not my style
i really don't like to obsess about
stocks i don't know about you i like to
go on with my life
but here since right now we are really
in trouble and i have to get out of this
trade
this is my goal here again with the
hopefully small loss we shall see
this is why i'm looking right now for
these pops because honestly
this little pop for the size that i'm
trading
this year is probably worth to me around
a thousand dollars
and currently every thousand dollar
helps so right now the loss is around
thirty five thousand dollars
once i'm getting to a loss of twenty
thousand dollars i'll be fine tomorrow
another thousand dollars is being added
to the realized profit so i'm going from
14
284 to 15 804
and then the idea is right now to sell
the 14
call and by selling the 14 call i would
probably make
5 000 now why would i sell the 14 call
if my break even right now is
14.39 so why would i sell a 14 call
doesn't that mean that i'm losing money
no because for this
i'm bringing in 50 cents so this lowers
my break even
to 13 and
this is what is currently happening
and i really appreciate you being here
and i know that many of you
left comments underneath my video uh
being really concerned for me i
appreciate your concern

trust me i'm doing fine this is not
ruining me or i don't know change my
living style yeah it would suck if i if
i lost twenty thousand dollars but
it'll probably honestly take me four to
six
weeks to make back that money this is
why i've shown you earlier thus far i'm
sitting in 95
000 in realized profits but let's see
how it goes