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Body:

Hi everyone,

Every week I pick a group of stocks from my machine learning model that spots big upcoming movements and I dive more into different options plays and expectations. This involves making different projections and studying options and market expectations. I thought I'd share the process with you every week.

This week, ANGO was showing the highest probability of movements (this [post](https://www.reddit.com/r/EarningsWatcher/comments/oidivh/biggest_expected_moves_this_week_after_earnings/)). Let's start by making some projections:

Current stock price = 28\$ (Monday before earnings). I use earnings-watcher.tech to decide of the next scenarios, based on historic moves and the model confidence

conservative: move = 5%	optimal: move = 8%	wow: move = 15%
26.6\$ - 29.5\$	25.8\$ - 30.3\$	23.8\$ - 32.2\$

This gives me a range of prices to expect from the stock on which I calibrate my trades.

Now using optionstrat.com , I can see the prices and projections of different options combinations for straddle or strangles. One very important thing to do here is take into account the crush of IV that will happen right after the release. the historic IV for ANGO is about 40% while it's at 100% or more for options expiring next Friday where you have the most leverage. Here is a screenshot for 25p/30c strangle:

<https://preview.redd.it/j16jqem930b71.png?width=2056&format=png&auto=webp&s=0d940ed1bfd4033c1548c0701f15783796c6c1dc>

And here is a recap of some strangles and straddles:

||break even|\+100%|\+200%|
|:-|:-|:-|
|30p/30c - 296\$|27\$ - 33\$|24\$ - 31\$|21\$ - 30\$|
|25p/25c - 375\$|21\$ - 28\$|18\$ - 32\$|14\$ - 36\$|
|25p/30c - 88\$|24\$ - 30\$|22\$ - 32\$|23\$ - 31\$|

Given the expected move, the 25p30c looks like the best play, but without a lot of expectation. Basically, there needs to be a +/-7% move to break even and start profiting. An earnings crush can move this higher and print more, otherwise the strangle will be worthless with iv and theta playing against us. High risk high reward typical of an earnings play where movement needs to be higher than what the market expects, which is around 5% here from the strangle break even.

Let me know what you think and enjoy!

PS: as I am writing this, ANGO reached 30\$ before scrambling down (looking like post earnings announcements drift) to 27\$ which makes for a good 20% profit on the 30c and still holding my 25p.