

SPX Monthly Chart



The S&P price is above the moving average line, so the trend is up. There could be a pullback soon, so we're going to hedge a bit with downside protection in our debit spreads. This week we will review four bullish positions.

GRMN

The first profit opportunity we will review this week is a stock purchase Garmin Ltd. GRMN is an American multinational technology company. Garmin has pioneered new GPS navigation and wireless devices and applications that are designed for people who live an active lifestyle.

GRMN Monthly Chart



The monthly chart shows that GRMN has been heading steadily high since the chart started in 2015.

GRMN Daily Chart

The daily chart shows that GRMN has been trending higher all year. A new higher low bottom appears to be in place at last week's low.

We recommend buying GMN stock at the current price level. The GRMN dividend yield is 1.55%.



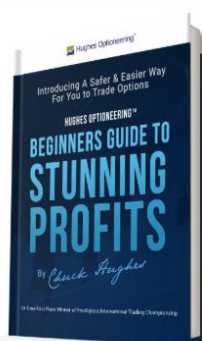
NDAQ

The next profit opportunity we will review this week is a call option purchase in NDAQ, or Nasdaq, Inc. NDAQ is a holding company that provides trading, clearing, exchange technology, regulatory, securities listing, information, and public company services.

NDAQ Monthly Chart



The monthly chart shows that except for the quick pullback early last year, NDAQ has been in an overall bull trend since the chart started in 2013. The uptrend has been especially strong since last year's low.



-See how Chuck Hughes trades options

-Learn his 2 Simple Rules

-Read about the EMA "timing machine" and how technical analysis takes the emotion out of trading

-See examples, actual brokerage statements, and see how Optioneering works

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The daily chart for NDAQ is clearly bullish. The current dip gives us a buying opportunity.

NDAQ Daily Chart

As we said above, we want to buy a call in NDAQ. We will first look at selecting a call option strike price for purchasing an NDAQ call Option. NDAQ is currently trading at 196.78. Let's look at buying the A November 19 180-strike call. The November 19 options expire in 53 days.



The Call Option Purchase calculator will calculate the profit potential for a call option purchase trade based on the price change in the underlying stock/ETF at option expiration in this example from a 12.5% increase in stock price to a flat stock price.

We developed what we call the 1% Rule to help us select an option strike price. The 1% rule says to limit the time value portion of the option to less than 1% of the stock price. **If you limit the time value portion of an option to 1%, the stock price only has to move up 1% for the call to breakeven and start profiting.**

The calculator will also calculate the time value portion of an option. With this option purchase, the time value is 1.72 points (boxed in red). The time value of 1.72 is less than 1% of the 196.78 stock price, so this strike price qualifies under the 1% Rule.

Buy to Open the NDAQ Nov 19 180-Strike Call

Call Option Purchase								
Stock Symbol	Current Stock Price	Option Strike	Option Premium					
NDAQ	196.78	180	18.50					
				Calculate	New Analysis	Print		
Time Value:	1.72		Intrinsic Value:					
	16.78		16.78					
% Change	0 %	1 %	2.5 %	5 %	7.5 %	10 %	12.5 %	
Stock Price	\$196.78	\$198.75	\$201.70	\$206.62	\$211.54	\$216.46	\$221.38	
Option Value	\$16.78	\$18.75	\$21.70	\$26.62	\$31.54	\$36.46	\$41.38	
Profit/Loss	-\$1.72	\$0.25	\$3.20	\$8.12	\$13.04	\$17.96	\$22.88	
% Profit/Loss	-9.3%	1.3%	17.3%	43.9%	70.5%	97.1%	123.7%	

The second row from bottom of the calculator lists the dollar profit potential. The bottom row lists the percent return profit potential. We can see that if the NDAQ stock price increases 1% at option expiration (boxed in green) a 1.3% or \$25 profit will be realized. This confirms the 1% Rule of profiting with only a 1% increase in the stock price.

There is no limit on the profit potential of call option purchases if the underlying stock continues to increase in price. If NDAQ increases 10% between now and option expiration, the Call Option Purchase Calculator shows that the 180-strike call will realize a 97.1% or \$1796 profit (boxed in green).

Buy to Open the NDAQ Nov 19 180-Strike Call

Call Option Purchase							
Stock Symbol	Current Stock Price	Option Strike	Option Premium				
NDAQ	196.78	180	18.50				
Time Value: \$1.72		Intrinsic Value: \$16.78					
% Change	0 %	1 %	2.5 %	5 %	7.5 %	10 %	12.5 %
Stock Price	\$196.78	\$198.75	\$201.70	\$206.62	\$211.54	\$216.46	\$221.38
Option Value	\$16.78	\$18.75	\$21.70	\$26.62	\$31.54	\$36.46	\$41.38
Profit/Loss	-\$1.72	\$0.25	\$3.20	\$8.12	\$13.04	\$17.96	\$22.88
% Profit/Loss	-9.3%	1.3%	17.3%	43.9%	70.5%	97.1%	123.7%

On the other hand, if A remains flat at option expiration, the 180-Strike Call will only lose -9.3% or -\$172. If we bought an at the money or out of the money call and the stock price was flat or down at option expiration, the loss could be 100%.

Remember, if you purchase an at the money or out of the money strike call option and the underlying stock/ETF is flat or down at option expiration, it could result in a 100% loss for your option trade! Using the 1% Rule to select an option strike price will increase your percentage of winning trades compared to trading at the money or out of the money strike calls. This higher accuracy can make you a more successful trader.

We recommend buying the NDAQ Nov 19 180-Strike Call at current prices.

ASPN

The next profit opportunity we will consider this week is in ASPN, or Aspen Aerogels, Inc. ASPN is an energy technology company that designs, develops, and manufactures aerogel insulation used primarily in large-scale energy infrastructure facilities.

ASPN Monthly Chart



The monthly chart shows that ASPN has gone from below 5 at last year's low to over 45 right now. That's a very strong stock!

ASPEN Daily Chart

The daily chart for ASPN has a bullish pattern of higher highs and higher low. A new higher low bottom appears to be in place at last week's low.

We are going to review a call debit spread for ASPN.

Traders who want a more leveraged approach can buy ASPN calls.



Buy to Open the ASPN Nov 19 35-Strike Call Sell to Open the ASPN Nov 19 45-Strike Call

Call Option Spread								
Stock Symbol	Current Stock Price	Buy Strike	Buy Price	Sell Strike	Sell Price			
ASPN	45.79	35	11.75	45	5.35			
Cost:	\$6.40							Calculate New Analysis Print
% Change	7.5 %	5 %	2.5 %	0 %	-2.5 %	-5 %	-7.5 %	
Stock Price	\$49.22	\$48.08	\$46.93	\$45.79	\$44.65	\$43.50	\$42.36	
Call Buy Value	\$14.22	\$13.08	\$11.93	\$10.79	\$9.65	\$8.50	\$7.36	
Call Sell Value	\$-4.22	\$-3.08	\$-1.93	\$-0.79	\$0.00	\$0.00	\$0.00	
Spread Value	\$10.00	\$10.00	\$10.00	\$10.00	\$9.65	\$8.50	\$7.36	
Spread Cost	\$6.40	\$6.40	\$6.40	\$6.40	\$6.40	\$6.40	\$6.40	
Spread Profit	\$3.60	\$3.60	\$3.60	\$3.60	\$3.25	\$2.10	\$0.96	
Spread % Return	56.3%	56.3%	56.3%	56.3%	50.7%	32.8%	14.9%	

We can see from this call option spread analysis that if the ASPN stock price remains flat, or increases in price when the options expire, the spread will make a 56.3% or \$360 profit. The profits slide down from there. If ASPN is down 7.5% at expiration, the trade will make 14.9 or \$96.

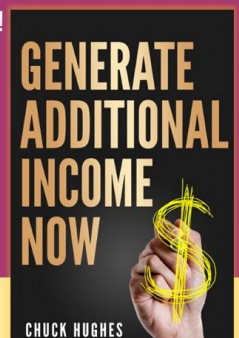
NVAX

The last profit opportunity we will consider this week is in NVAX, or Novavax, Inc. NVAX is a specialty biopharmaceutical company engaged in the research, development and commercialization of proprietary products focused on women's health and infectious diseases.

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This week we recommended the following:

Buy GRMN Stock

Buy to Open the NDAQ Nov 19 180-Strike Call

Buy to Open the NVAX Nov 19 220-Strike Call

Sell to Open the NVAX Nov 19 230-Strike Call

Buy to Open the ASPN Nov 19 35-Strike Call

Sell to Open the ASPN Nov 19 45-Strike Call

Note: Profit performance displayed in this newsletter does not include commission cost.



***Good Trading and
we'll see you next
week!***
