

# PALOS

## CONTENTS

Options Corner	1
Disclaimer & Contacts	2

## Palos Weekly Commentary

Issue No. 5 | JANUARY 31 2019

### Options Corner

*By Robert Mendel*

Now, I was minding my own business in my home office the other day - ok...ok, it was my son's bedroom, but that's just between us. Anyway, as I said I was minding my own business when I looked out the window and saw my neighbor attempting to leave her driveway. Now I know she means well, she is a little angel, but by golly she doesn't seem to know where the side of her driveway ends, and the tree begins – I guess that answers the question of why her husband was hiding in the bushes.

Immediately I woke the kids and phoned the other neighbors and warned them to stay off the road. But then it got me thinking. How can we make money off of this?? I got it! Her car premium must be sky high. What a lucky insurance company. Through my great detective work, (I asked her husband – once he came out from hiding) I was told it AIG. So, I got to work. With a 52 week hi of \$64.28 and a low of \$36.16 during the December meltdown, the price of \$42.80 was closer to where I was comfortable. But because earnings were set to be released on February 13 and I didn't want to be around for that – just in case – I sold the February 8 42.5 puts for .59 cents which equates to 1.4% in 8 days, assuming of course it stays above the strike price. Now that's premium. See the position below.

AIG US 02/08/19 P42.5	-23.0000	0.59	-1,357.00	0.59	-1,357.00	01/31/19
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Anyway, more importantly, pay attention whenever you are near my house, and wear lots of padding if you do.

Until next week.

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# PALOS

1 Place Ville Marie, Suite 1670  
Montreal (QC) H3B 2B6, Canada

T. +1 (514) 397-0188  
F. +1 (514) 397-0199

1 St. Clair Avenue East Suite 504  
Toronto, Ontario M4T 2V7

T. +1 (647) 276-0110  
F. +1 (647) 276-0110

[www.palos.ca](http://www.palos.ca)