

PALOS

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Palos Weekly Commentary

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Options Corner

By Robert Mendel

So, I'm walking past the trading room and one of the girls yells out: "hey, you got to write a column this week." What are you the CBS News Editor? I shot back. Write one, the markets are crazy, people need your thoughts. Well, that may be the only accurate thing she has said since she started working here, but now not only is she a news editor, but she is also nagging me like my mother used to. People do need my wisdom, but now I feel like my mother is applauding me in the back of the room. I can't win. Besides, I was supposed to take the summer off anyhow.

But she is right, desperate times calls for desperate measures. My opinion? Buy and don't look back. This market is going higher! With that in mind, I dusted off my pen and paper and put some money to work. This is what I did.

Yesterday, with Facebook down, I bought the stock at \$180.77 and sold the August 16 180 calls against it, for a net debit of \$177.88. If above 180, I can let it go for a 2 day return of 1.2%, but I will probably roll the option and continue to lower my cost. See below:

Symbol	Description	Quantity	Pending	Price	ACB
FB	FACEBOOK INC CL-A	0	200	179.710	180.77
FB190816C180	CALL-100 FB'19 AG@180	0	-2	2.420	289.49

Also, with Amazon down to under \$1760, I sold an Aug 23 1650 put for \$7.10, for a 17.4% annualized return if it stays above 1650. This was with a 6% downside protection too. See below.

Symbol	Description	Quantity	Pending	Price	ACB
AMZN190823P1650	PUT -100AMZN'19 23AG@1650	0	-1	7.550	694.98

Options Corner cont.

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And after listening to CNBC ramble on as to how the US Banks can't make any money in this environment, I sold puts on Citigroup and JPMorgan. See below. I also sold a put on Teledoc, a virtual online doctor. What a business, anything that can get me out of waiting in a doctor's office surrounded by sick people must be good. With the stock at \$62 I sold a September 20 55 put for \$1.59, a 29.3% annualized return if it stays above \$55. And of course, I have my downside protection too.

Trade Date	Process Date	Transaction Type	Description	Quantity
2019-08-14	2019-08-14	SELL	PUT -100 JPM'19 6SP@100	-15
2019-08-14	2019-08-14	SELL	PUT -100 C'19 SP@58.5	-15
2019-08-14	2019-08-14	SELL	CALL-100 GOOG'19 AG@1120	-2
2019-08-14	2019-08-14	SELL	PUT -100 TDOC'19 SP@55	-10

I still have plenty of cash to deploy if things do get worse, and I'll continue selling covered calls against my long positions in continuing to lower my cost. In the meantime, now that I have done my duties, I should be left alone. I think the girl will probably find something else to nag me about.

Until next time.

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