

# Disclaimer

- Today's webinar is for educational purposes only.
- Nothing in today's presentation should be considered a recommendation to buy or sell any security.
- All stocks and options shown are examples only.
- Any pricing or potential profitability shown does not take into account your trade size, brokerage commissions or taxes which will affect actual investment returns.
- Stocks and options involve risk and are not suitable for all investors and investing in options carries substantial risk.
- Past stock or option performance is no guarantee of future price appreciation or depreciation.
- Prior to buying or selling options, a person must receive a copy of Characteristics and Risks of Standardized Options available at: <http://www.cboe.com/Resources/Intro.aspx>.



# InvestorsObserver Workshop

# InvestorsObserver Workshop

- What's going on at *InvestorsObserver*:
- Market update
- Member-driven content: Questions, site demonstrations, etc.
  - Can prepare slides for questions submitted ahead of time: Mention “workshop”

# S&P 500



# S&P 500



# June 8

High point for stocks, low point for coronavirus cases

Since June 8:

Technology: Up 5.5%

Financials: Down 9.7%

Consumer Discretionary: Up 1.2%\*

Energy: Down 20.1%

Industrials: Down 5.9%

Biotechnology: Up 12.2%



AMZN is 25% of this ETF and is up 19.7% in this period

# What is happening?

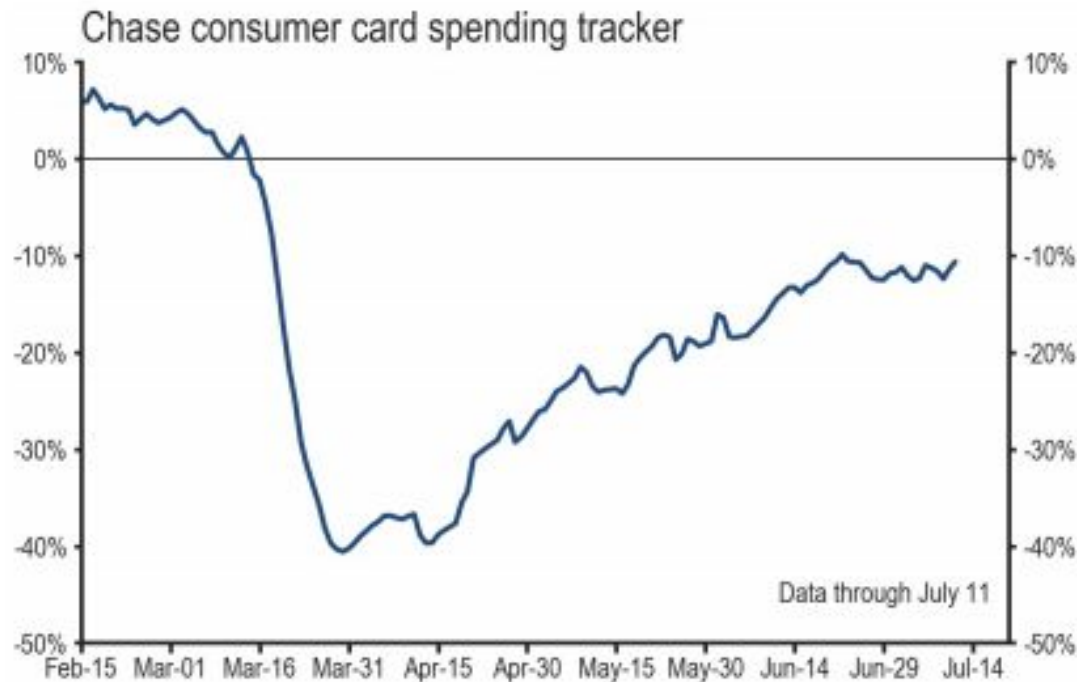
- Uncertainty is everywhere
  - Whole cycle has moved faster than traditional economic data
  - Data (including earnings reports) is backward looking, Market is forward looking
  - Alternative data
- Reopening (and reclosing) is a process
  - Patchwork of rules across states and localities.
  - Just because things are open doesn't mean people will go
- More "Temporary" measures become permanent the longer this goes on.
  - Five days a week in the office?
    - Cube farms?
    - Business travel?
  - Restaurant carry-out
  - Virtual meetings
- Economic cliff in two weeks
  - End of expanded UI, PPP loans running out

# Fast data

From JP Morgan

## Daily consumer spending tracker

- On July 11, our tracker of Chase consumer card spending rose from -11.4% to -10.7%.
- The tracker rose 1.9%-pt over the prior week, and it is 29.9%-pt above its low of -40.6% on March 30.



Source: J.P. Morgan. % change over year-ago in 7-day average of total in nonrecurring categories.



# Fast data (from June 24 workshop)

From JP Morgan

## Daily consumer spending tracker

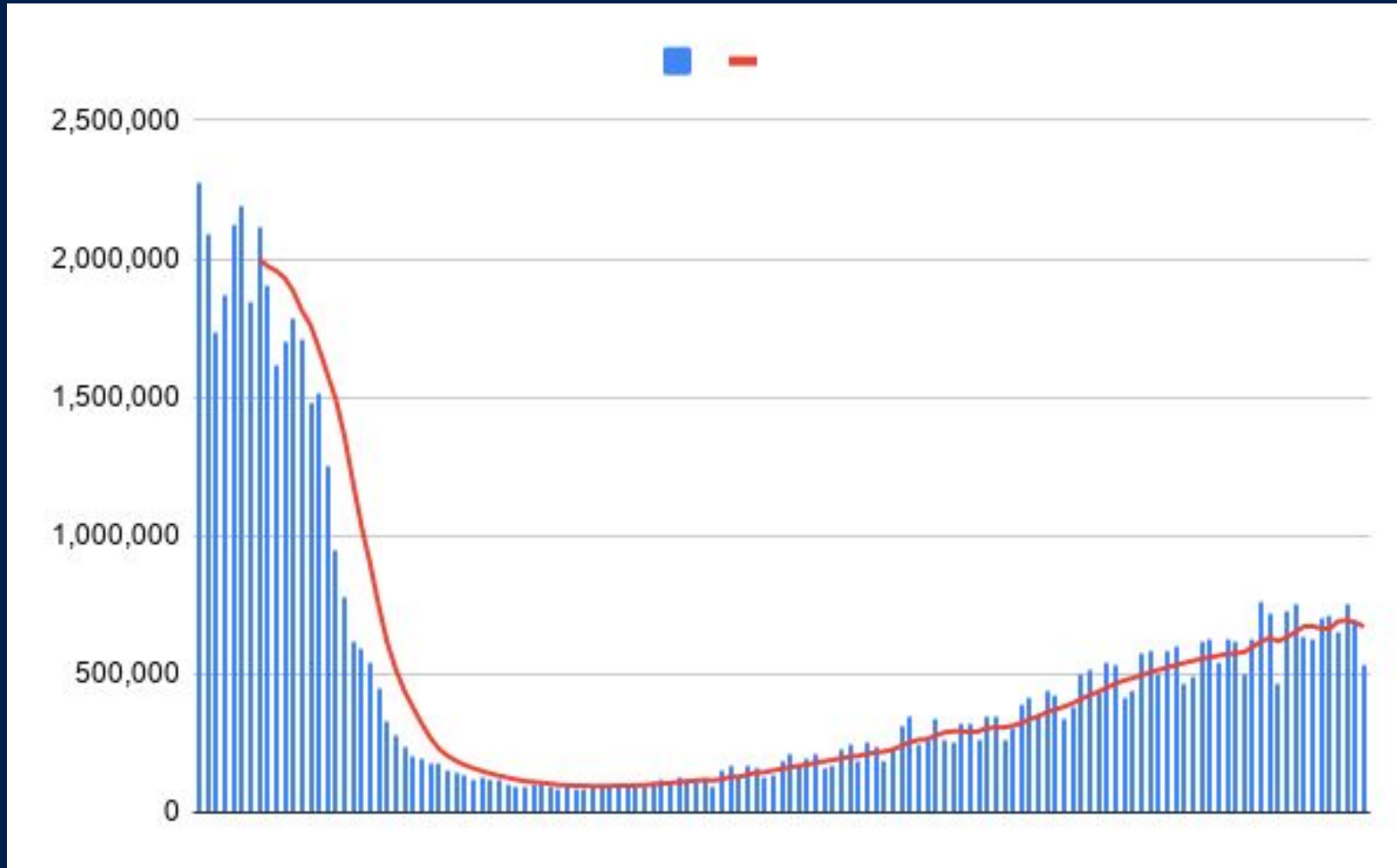
- On June 20, our tracker of Chase consumer card spending rose from -11.9% to -10.7%.
- The tracker rose 3.2%-pt over the prior week, and it is 30.8%-pt above its low of -41.5% on March 31.



Source: J.P. Morgan. % change over year-ago in 7-day average of total in nonrecurring categories.

# Fast data

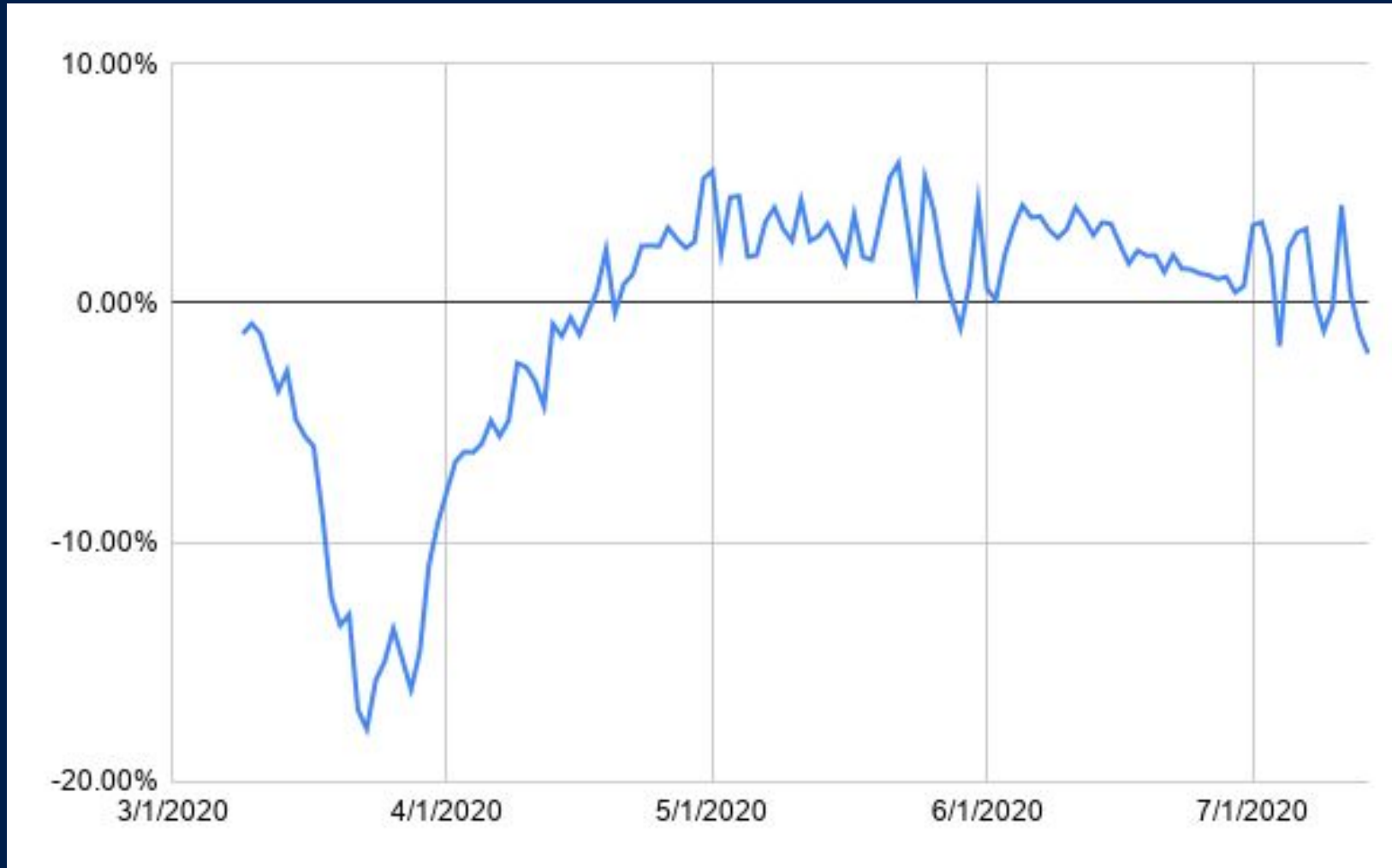
data from TSA



Passengers per day and seven-day average

# Fast data

data from TSA



Daily rate of change in seven-day average

# Fast data

data from Association of American Railroads

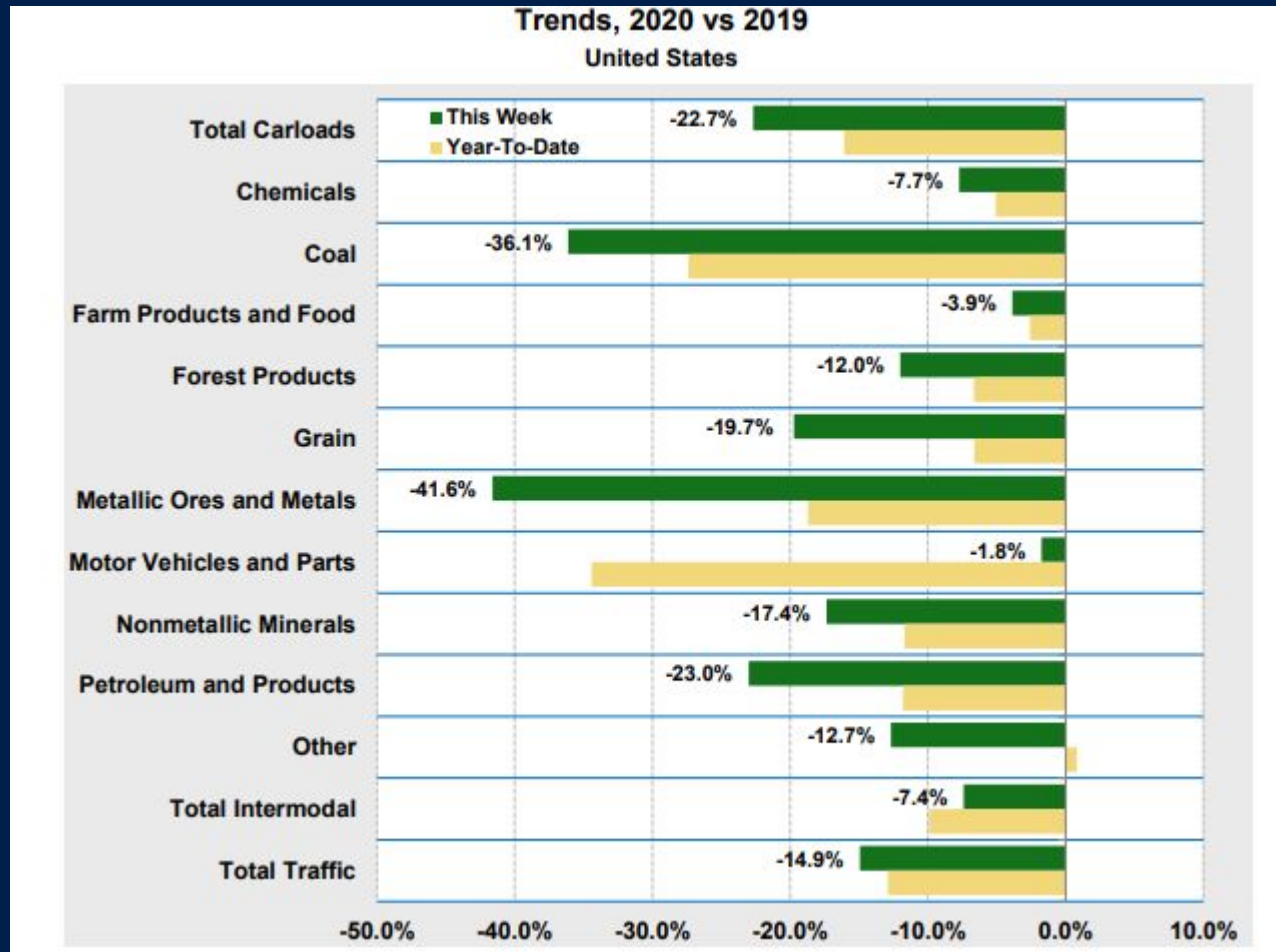
U.S. Rail Traffic <sup>1</sup>					
Week 28, 2020 – Ended July 11, 2020					
	This Week		Year-To-Date		
	Cars	vs 2019	Cumulative	Avg/wk <sup>2</sup>	vs 2019
<b>Total Carloads</b>	<b>201,703</b>	<b>-22.7%</b>	<b>5,902,483</b>	<b>210,803</b>	<b>-16.1%</b>
Chemicals	30,315	-7.7%	858,248	30,652	-5.1%
Coal	51,684	-36.1%	1,573,839	56,209	-27.4%
Farm Products excl. Grain, and Food	15,466	-3.9%	423,704	15,132	-2.6%
Forest Products	8,988	-12.0%	258,998	9,250	-6.7%
Grain	19,443	-19.7%	577,904	20,639	-6.6%
Metallic Ores and Metals	13,884	-41.6%	499,088	17,825	-18.7%
Motor Vehicles and Parts	12,858	-1.8%	296,846	10,602	-34.4%
Nonmetallic Minerals	30,317	-17.4%	833,063	29,752	-11.7%
Petroleum and Petroleum Products	10,085	-23.0%	316,118	11,290	-11.8%
Other	8,663	-12.7%	264,675	9,453	0.8%
<b>Total Intermodal Units</b>	<b>247,389</b>	<b>-7.4%</b>	<b>6,684,174</b>	<b>238,721</b>	<b>-9.9%</b>
<b>Total Traffic</b>	<b>449,092</b>	<b>-14.9%</b>	<b>12,586,657</b>	<b>449,523</b>	<b>-12.9%</b>

<sup>1</sup> Excludes U.S. operations of Canadian Pacific, CN and GMXT.

<sup>2</sup> Average per week figures may not sum to totals as a result of independent rounding.

# Fast data

data from Association of American Railroads



# Questions?

*Can you go over a couple of emails that have been sent recently and show us how to execute the trade. the terminology changes depending on each platform and email recommendations I have used and I don't want to make a mistake. Like today there was an email on Wesco for a bull/put spread. -- Wes*

Buy Aug 30 put  
Sell Aug 35 put  
Net credit of \$0.75

Bet here is that the stock stays above \$35.

Options expire worthless, you keep credit

At risk \$4.25  
Target profit \$0.75

## **WESCO International, Inc. (WCC) 10% Owner Buys \$34,447,038 in Shares**

Equity Investors VII, L.P. Green, 10% Owner, WESCO International, Inc. ([WCC](#)), bought 962,805 shares of the company's common stock on Jul 10, 2020 for a total of \$34,447,038.

### **Trade Details**

The technicals for WCC are bullish with an upward trend. It has support around \$33.25. The stock is trading up today at \$40.87. Look at the Aug \$30.00/\$35.00 bull-put spread for at least a \$0.75 credit. This trade has a target return of 17.65% and the stock has to fall 14.36% to cause a problem.

# Questions?

*The main question I have right now, especially since I love option trading, are margins. How and when are they charged and when and how can they be paid off? -- Kenny*

Margin is a loan from your broker. Interest rates vary based on account size/broker.

You can buy stocks on margin, but you can't buy options on margin.

In options, margin is used to secure the liability in a position.

“Charged” whenever you use margin to purchase stocks, or create an option liability greater than the cash in your account.

Paid back when the position closes.

# Questions?