

How to Make 7k in One Minute!

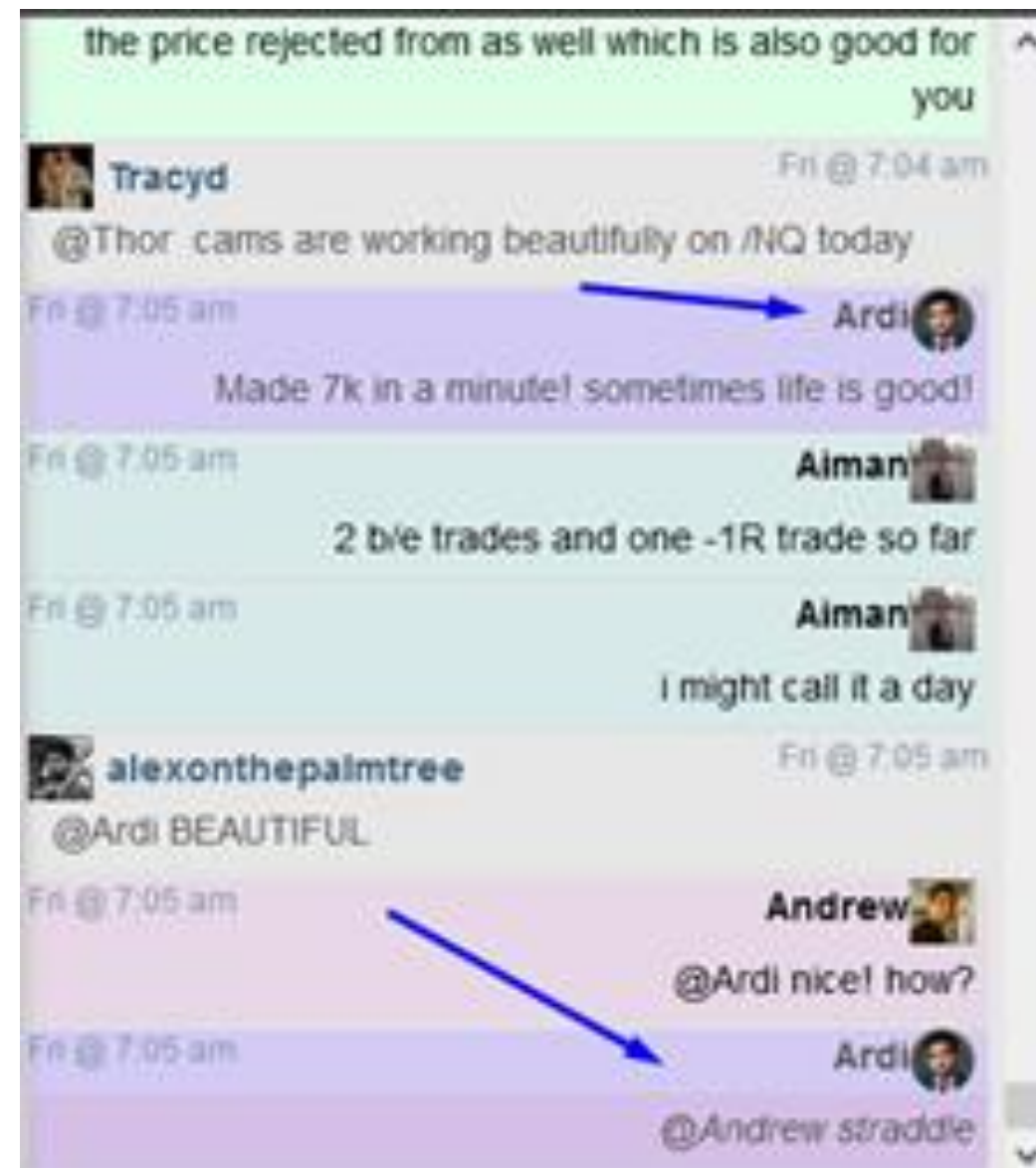


Presented by: Ardi Aaziznia

How Did It All Start?



On June 2nd, I got \$8k richer! But how did I do it?



What Did You Think of the Tittle?



You Should Look Like This!



By the end, you
will look this
happy!

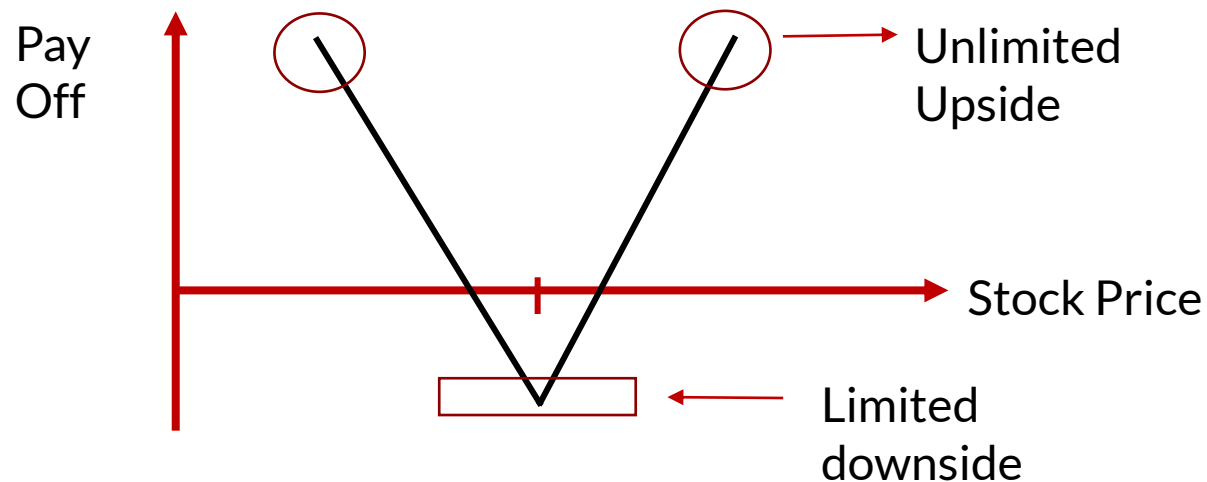
Straddles Prior to Earnings

- What are straddles?
- How to set them up?
- How to select stocks prior to earnings? Which stocks qualify
Expected moves
- How to manage risk?



What Are Straddles?

- By buying one ATM call and one ATM puts



- This is perfect strategy for a **breakout** or **break down**!
- This is a bet on **volatility**: You are going long volatility.
- Hypothesis: The stock is going to move outside of a trading range: either up or down
- Buy one ATM call and buy ATM put same strike, same expiry date
- Limited downside: Unlimited upside

Characteristic

Max Loss

Premium Spent *100

Max Upside

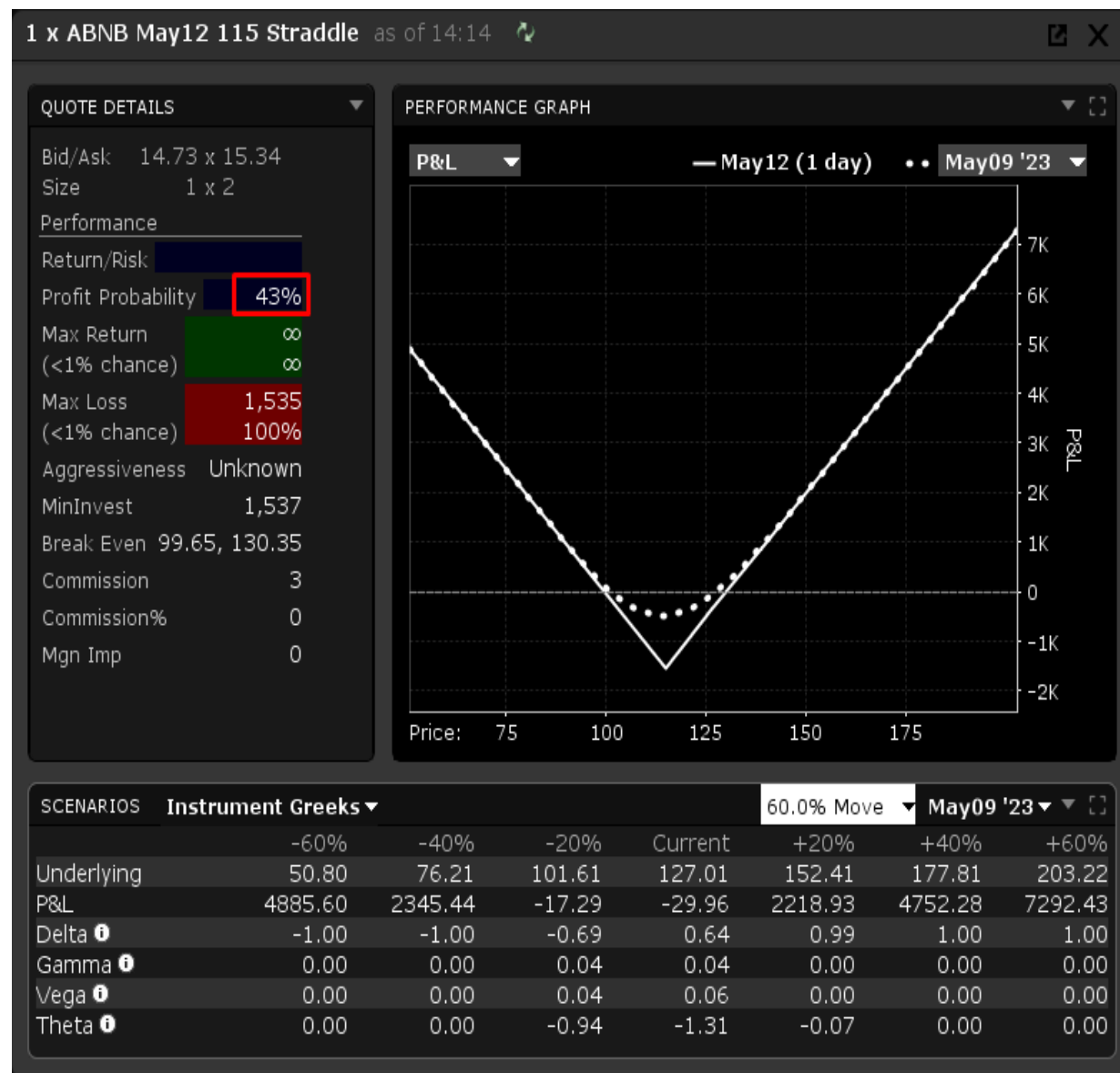
Unlimited

Breakeven Up

Call strike + total premium spent

Breakeven Down

Put Strike - premium spent



How to Set Them Up?

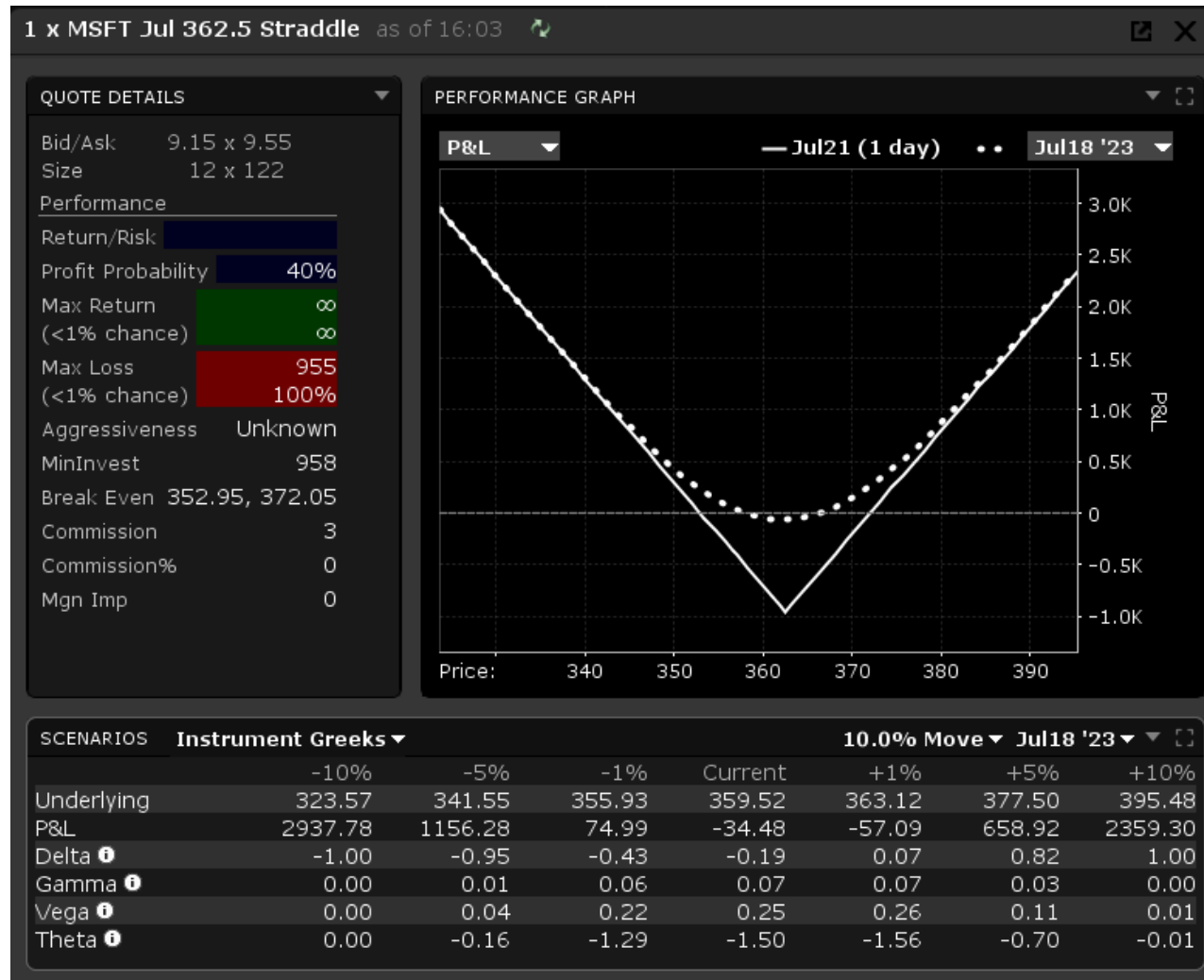
Buy
ATM
Call

The screenshot displays a trading terminal interface for Microsoft (MSFT) options. The main window is titled "MSFT PUT/CALLS (Side by Side)" and shows a side-by-side comparison of call and put options. The current stock price is 360.15, up 14.42 (+4.17%). The interface includes tabs for different expiration dates: JUL 21 '23 (3 DAYS), JUL 28 '23 (10 DAYS), AUG 04 '23 (17 DAYS), and AUG 11 '23 (24 DAYS). The "AUG 04 '23" tab is selected. The table is divided into two main sections: "CALLS" on the left and "PUTS" on the right. Each section has columns for "OPTN O...", "VOLUME", "BID", "SIZE", "ASK", "ASK", "SIZE", "IMPLD", "V...", and "STRIKE". In the "CALLS" section, the row for the 360 strike is highlighted, and a red box is drawn around the "11.75" value in the "ASK" column. A red dashed arrow points from this box to the text "Buy ATM Call" on the left. In the "PUTS" section, the row for the 360 strike is highlighted, and a red box is drawn around the "13.90" value in the "ASK" column. A red dashed arrow points from this box to the text "Buy ATM Put" on the right. The "Strategy Builder" button is visible at the bottom left of the terminal window.

CALLS										PUTS									
OPTN O...	VOLUME	BID	SIZE	ASK	ASK	SIZE	IMPLD	V...	STRIKE	OPTN O...	VOLUME	BID	SIZE	ASK	ASK	SIZE	IMPLD	V...	STRIKE
5	7	145	♦ 25.30	28.60	♦	237	37.7%		337.5	4	252	121	♦ 3.25	3.90	♦	197	37.7%		337.5
1.74K	625	150	♦ 23.60	25.25	♦	142	37.6%		340	436	326	20	♦ 3.80	4.00	♦	2	37.4%		340
14	254	112	♦ 21.95	23.30	♦	114	37.5%		342.5	51	59	288	♦ 4.40	4.70	♦	1	37.6%		342.5
708	452	162	♦ 19.95	21.70	♦	158	37.2%		345	423	428	25	♦ 5.15	5.95	♦	164	37.2%		345
290	1.43K	158	♦ 18.45	20.00	♦	134	37.3%		347.5	9	95	73	♦ 5.50	6.60	♦	135	37.5%		347.5
1.18K	1.60K	154	♦ 16.85	18.35	♦	143	37.3%		350	151	367	295	♦ 6.80	7.55	♦	64	37.5%		350
111	306	134	♦ 15.20	16.85	♦	118	37.4%		352.5	8	482	48	♦ 7.80	8.55	♦	57	37.6%		352.5
631	1.28K	229	♦ 13.75	15.40	♦	117	37.6%		355	149	251	26	♦ 8.90	9.65	♦	40	37.6%		355
13	860	200	♦ 12.40	13.60	♦	182	37.5%		357.5	11	172	37	♦ 10.05	10.80	♦	49	37.6%		357.5
3.05K	1.68K	1	♦ 11.90	12.85	♦	138	38.1%		360	116	655	63	♦ 11.35	12.10	♦	12	38.2%		360
29	697	132	♦ 10.25	11.75	♦	36	37.9%		362.5	1	250	56	♦ 12.70	13.90	♦	91	37.9%		362.5
1.88K	8.46K	65	♦ 9.50	10.70	♦	37	38.3%		365	11	168	76	♦ 13.85	15.00	♦	23	38.4%		365
15	1.04K	146	♦ 8.25	10.30	♦	84	38.6%		367.5	3	61	150	♦ 14.40	17.30	♦	139	38.6%		367.5
880	1.20K	59	♦ 7.55	8.85	♦	37	38.6%		370	120	248	61	♦ 17.30	18.35	♦	66	38.6%		370
6	476	96	♦ 6.65	7.70	♦	43	38.9%		372.5	19	9	31	♦ 19.00	20.25	♦	13	38.8%		372.5
333	630	19	♦ 6.10	6.55	♦	111	38.8%		375	72	56	146	♦ 18.90	21.95	♦	77	38.9%		375
5	294	74	♦ 5.25	6.40	♦	38	39.3%		377.5	11	4	186	♦ 21.00	23.60	♦	12	39.3%		377.5
349	2.38K	86	♦ 4.60	5.30	♦	1	39.5%		380	33	26	147	♦ 22.70	26.50	♦	95	39.7%		380
665	508	1	♦ 4.00	4.25	♦	109	40.1%		385	53	18	182	♦ 26.85	30.20	♦	158	40.3%		385
197	335	82	♦ 2.80	3.45	♦	410	40.8%		390	77	60	93	♦ 32.15	34.05	♦	120	40.7%		390
425	285	72	♦ 2.05	2.75	♦	39	41.6%		395	94	103	127	♦ 35.60	38.10	♦	69	41.6%		395

Buy
ATM
Put

The Greeks!



- Long Vega
- Long Theta
- Long Gamma

You need an explosive move higher or lower. Otherwise, you will lose money. Great to pick up before key catalysts.

Expected Move

PUT/CALLS (Side by Side)

360.10 +14.37 (+4.16%)

JUL 21 '23
3 DAYS

JUL 28 '23
10 DAYS

AUG 04 '23
17 DAYS

AUG 11 '23
24 DAYS

MORE

TABBED VIEW

PUT/CALL

All STRIKES

SMART

MSFT

100

CALLS

PUTS

IV: 37.5%

OPTN O...	VOLUME	BID	SIZE	BID	ASK	ASK	SIZE	IMPLD	V...	STRIKE	OPTN O...	VOLUME	BID	SIZE	BID	ASK	ASK	SIZE	IMPLD	V...
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197	335	82	♦	2.80	3.45	♦	410	40.8%		390	77	60	93	♦	32.15	34.05	♦	120	40.7%	

OFF

Strategy Builder

Back of the envelope math:
Add ATM calls and ATM puts
together, that means the
expected move of the stock
until expiry!

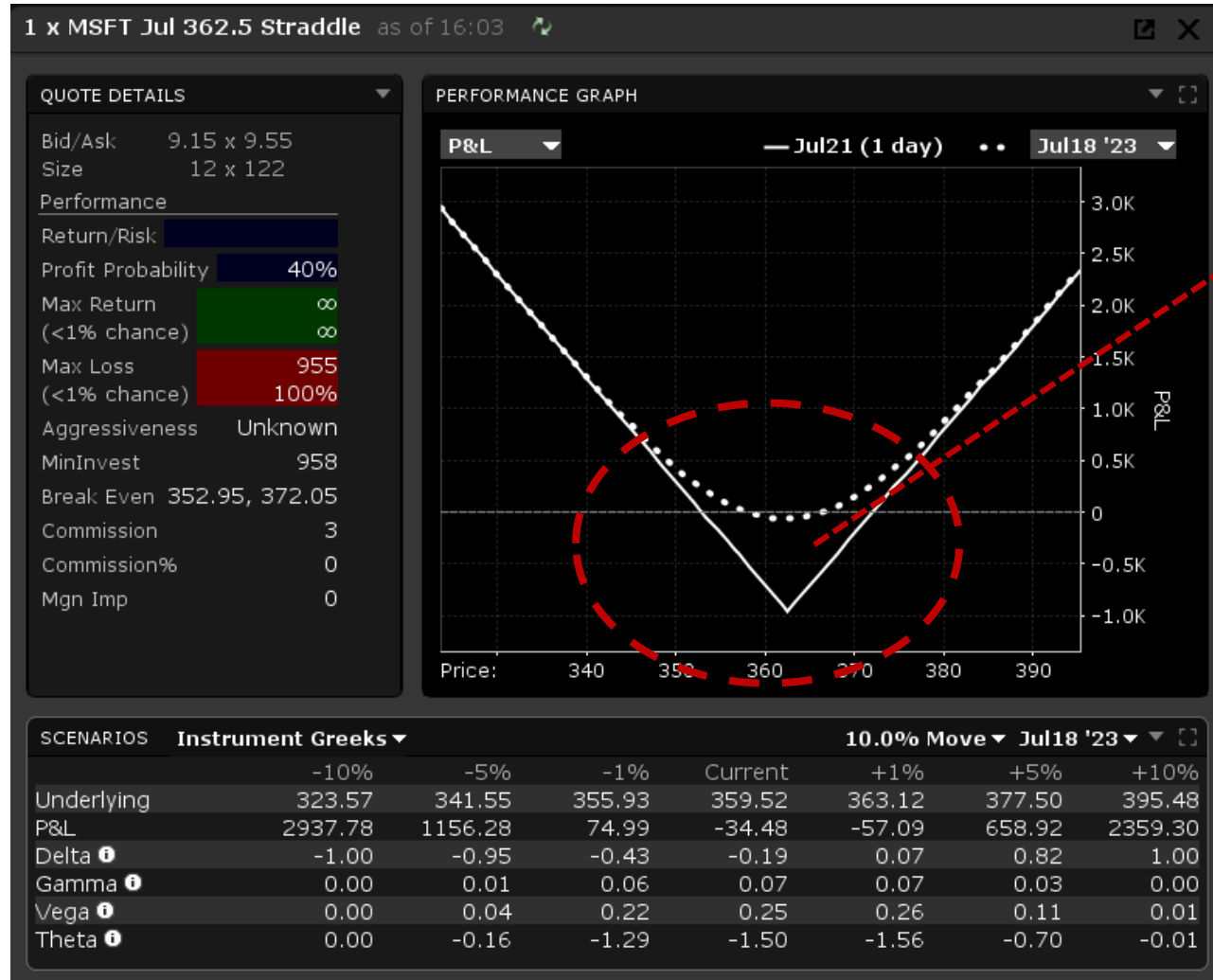
That means Microsoft is
expected to move ~ \$25 (
\$13.90+ \$11.75) by August
04th!

Between \$385-\$345

Expected Move



Expected Move and Valley of Death



Valley of death! More than 80% options end up like this! And won't breach their expected move!

Being selective on when to use the straddle is key!

Well in this presentation we will teach you just that! How to find stocks to increase your odds to **50/50**.

Stock Selection for Earnings

- Choose stocks with **anticipated earnings**
- After a prior **bad** or prior **good** earnings
- Beaten down stocks
- After an **important event**: Like airline after lock down
- Earnings with the most potential for **surprises**: DIS earnings after parks have been shut down



Example: NVDA and AI

AI hype, what is
going to
happen?
Hmmm any
guesses?



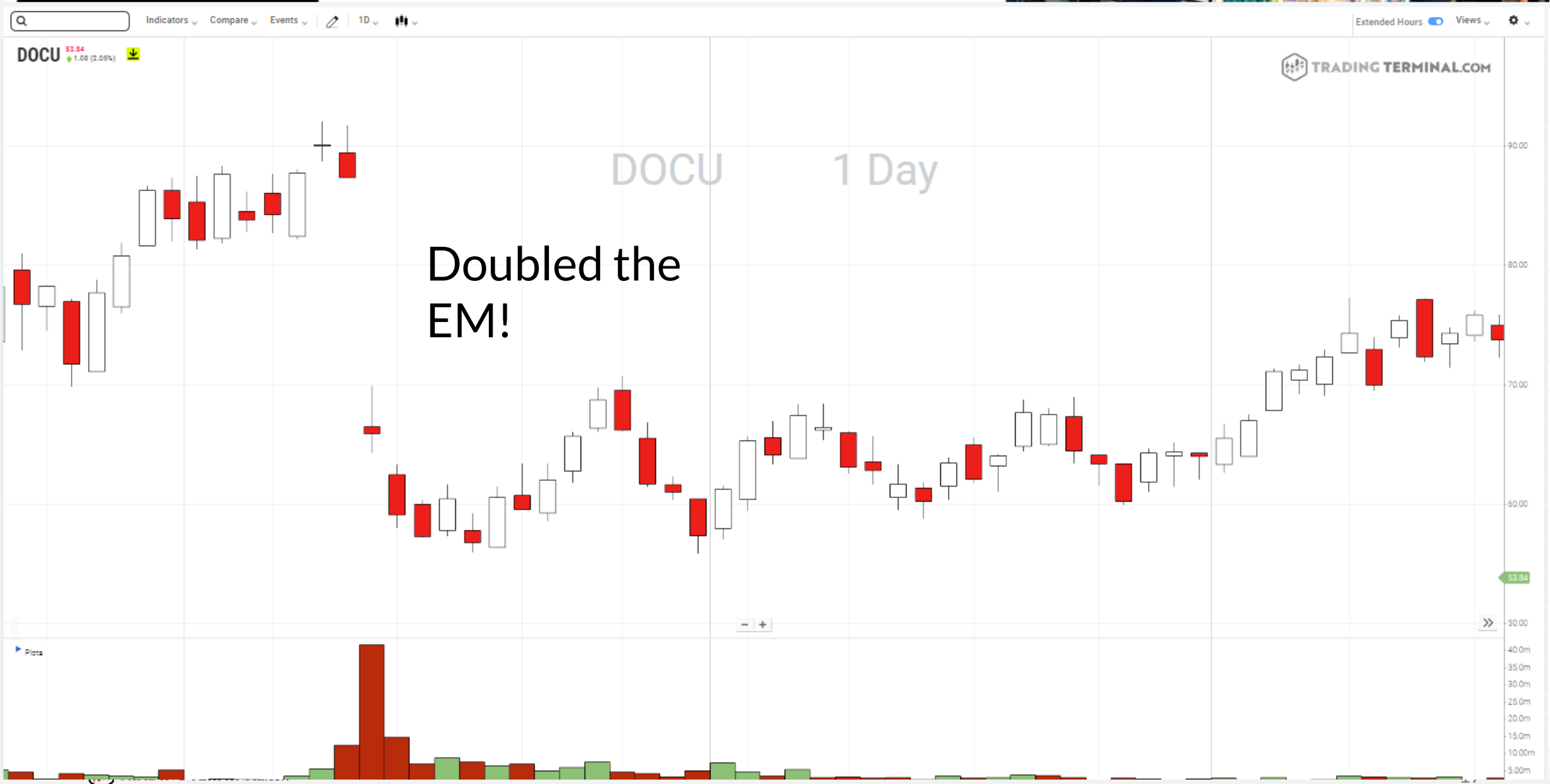
Example: NVDA and AI



Previous Breaches



Previous Breaches



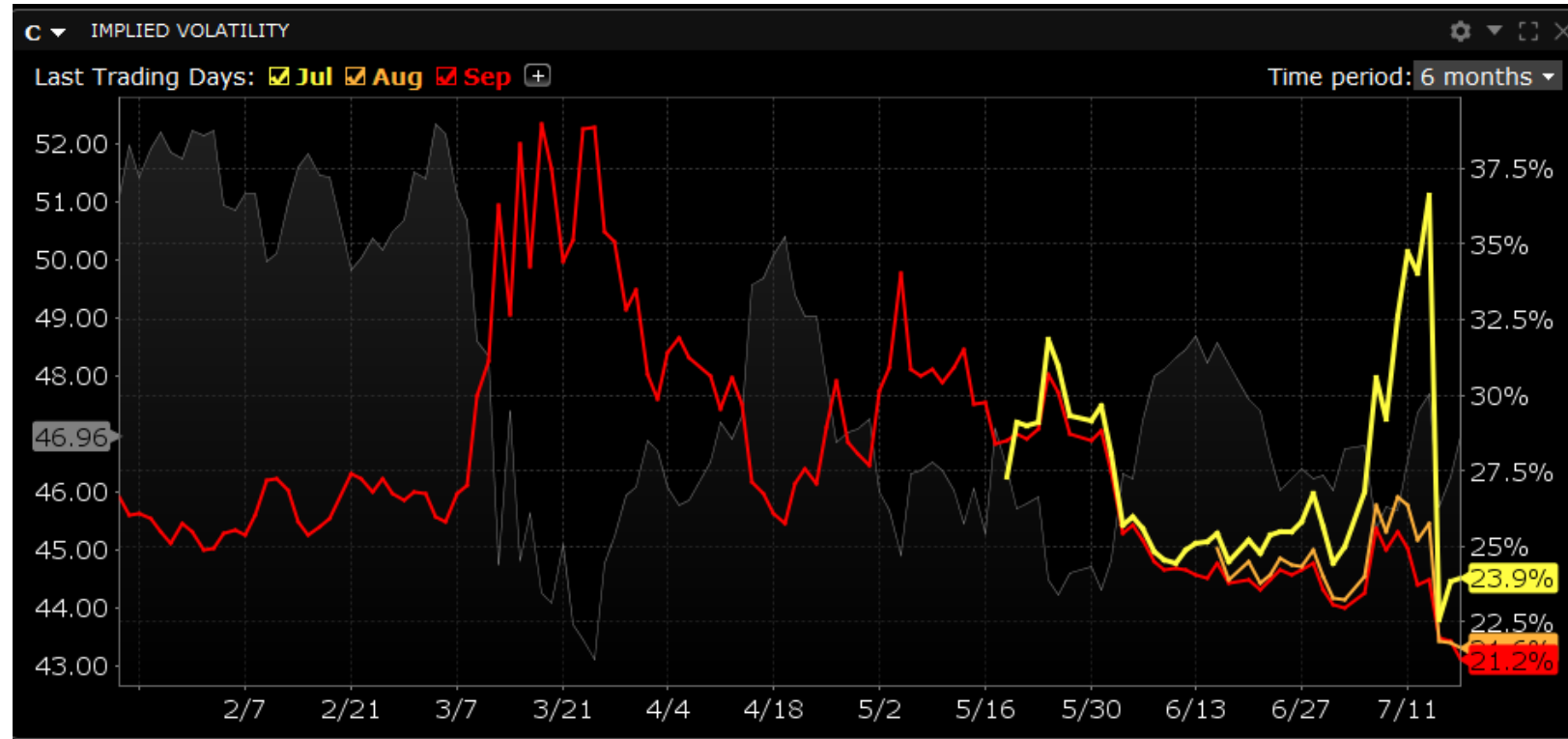
Recap

- Choose stocks with **anticipated earnings**
- After a prior **bad** or prior **good** earnings
- Beaten down stocks
- After an **important event**: Like airline after lock down
- Earnings with the most potential for **surprises**: DIS earnings after parks have been shut down
- **Pick the closest expiry**: If the earnings is on Monday, pick the Friday.
- For Friday and Thursday expiry, you can pick the next week expiry
- Your size, i.e the premium you pay, should not and cannot be bigger than 5% of your account
- Premium spent= maximum 5% of your account

Risk Management

- Take profit or take the loss exactly the next day
- In most cases, the straddle is still a coin toss, so do not take large size unless you have high conviction
- Close both legs at the same time
- Premium spent= maximum 5% of your account

Cautionary Tale: Implied Volatility



Volatility **collapses** after earnings! So, your straddle will **lose money** if the stock does not move as much!

That is why the **5% rule** is so important!

The Tools You Need

Option chain to calculate the EM

[Market Chameleon](#) or other tools which shows historical move (not necessary)

Good website that shows the earning calendar, with the correct time. Remember the earnings time changes all the time.

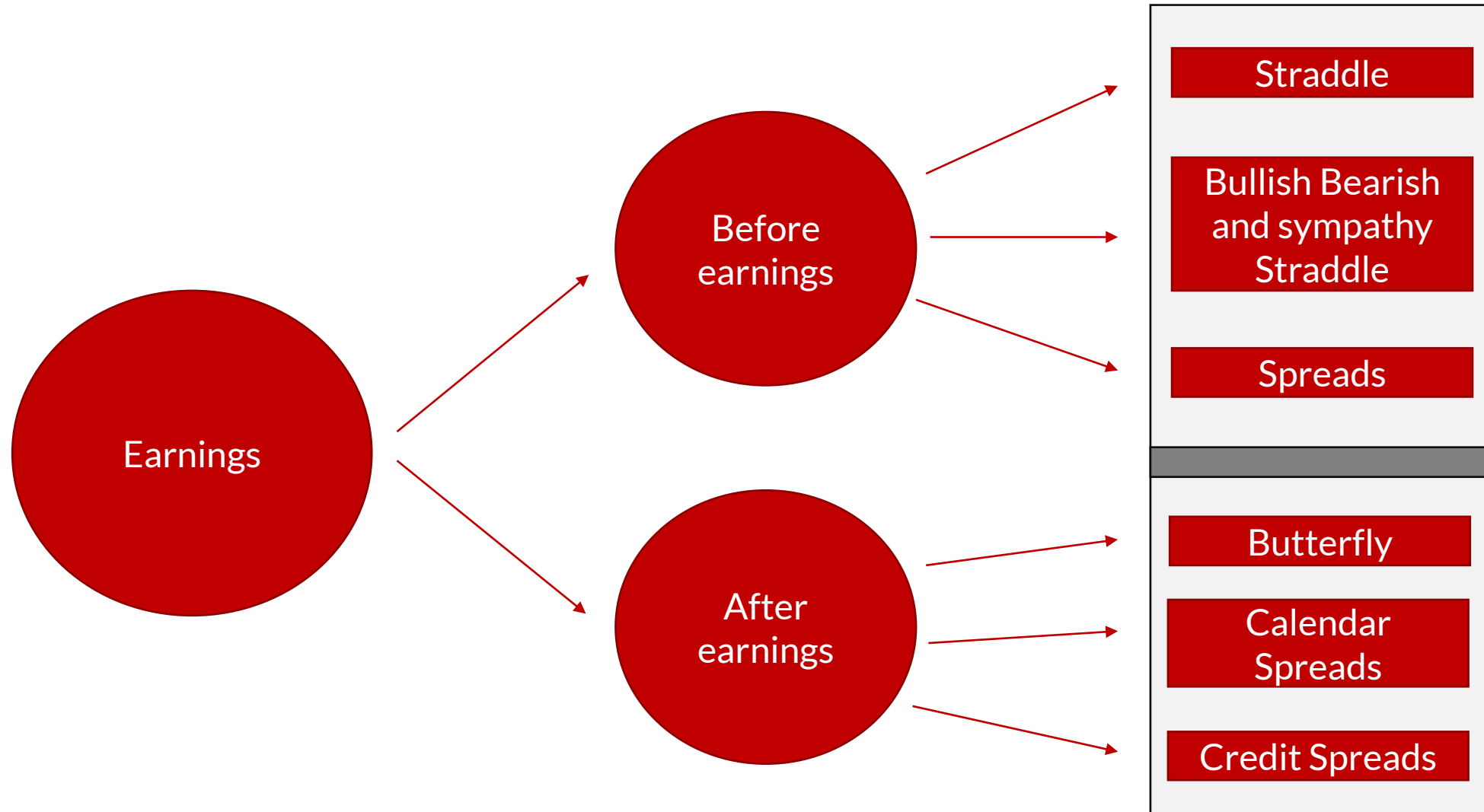
That's it!!!!

Earnings Calendar

Most Important Earnings Releases

<div>Earnings<div>Dividends</div><div>IPOs</div><div>Economic</div></div> <div>< July 24 - 28 ></div> <div><div>Q</div><div>All</div><div>Week</div><div>Month</div><div></div></div>				
Monday	Tuesday	Wednesday	Thursday	Friday
24	25	26	27	28
<div>Before Open</div> <div>After Close</div> <div>Intsys</div> <div>cadence</div> <div>Har</div> <div>NXP</div> <div>PHILIPS</div> <div></div> <div>NVR</div> <div>BB</div> <div>EMSA</div> <div>PCA</div> <div></div> <div>logitech</div> <div>UHS</div>	<div>Before Open</div> <div>After Close</div> <div>A</div> <div>A</div> <div></div> <div>VISA</div> <div></div> <div>TX</div> <div>CHUB</div> <div></div> <div>CN</div> <div>WM</div> <div></div> <div>GE</div> <div></div>	<div>Before Open</div> <div>After Close</div> <div>amazon</div> <div></div> <div>Coca-Cola</div> <div></div> <div>Ther</div> <div></div> <div>UNION PACIFIC</div> <div></div> <div></div> <div></div> <div>AT&T</div> <div></div> <div>ADP</div> <div></div>	<div>Before Open</div> <div>After Close</div> <div></div> <div></div> <div></div> <div>intel</div> <div></div> <div>McDonald's</div> <div></div> <div>Shell</div> <div>CP</div> <div>FEMSA</div> <div></div> <div></div> <div>Ford</div> <div>DEXCOM</div> <div></div>	<div>Before Open</div> <div>After Close</div> <div>X</div> <div>[H]</div> <div>P&G</div> <div>Chevron</div> <div></div> <div></div> <div>S</div> <div></div> <div>A</div>

Trading Around Earnings



Questions?



Ardi is a cum laude alumni of the Sauder School of Business, at University of British Columbia, Vancouver. During his professional career, Ardi has worked at different buy side firms where he has helped managed over \$450 million dollars.

Ardi has written several best-selling books on Amazon mostly focusing on investing and derivative markets.

Best Seller

