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Trading the Market Upside using Calls

June 27, 2019



S&P500 Daily Chart

June 27th, 2019



Case study: Underlying vs. different call options

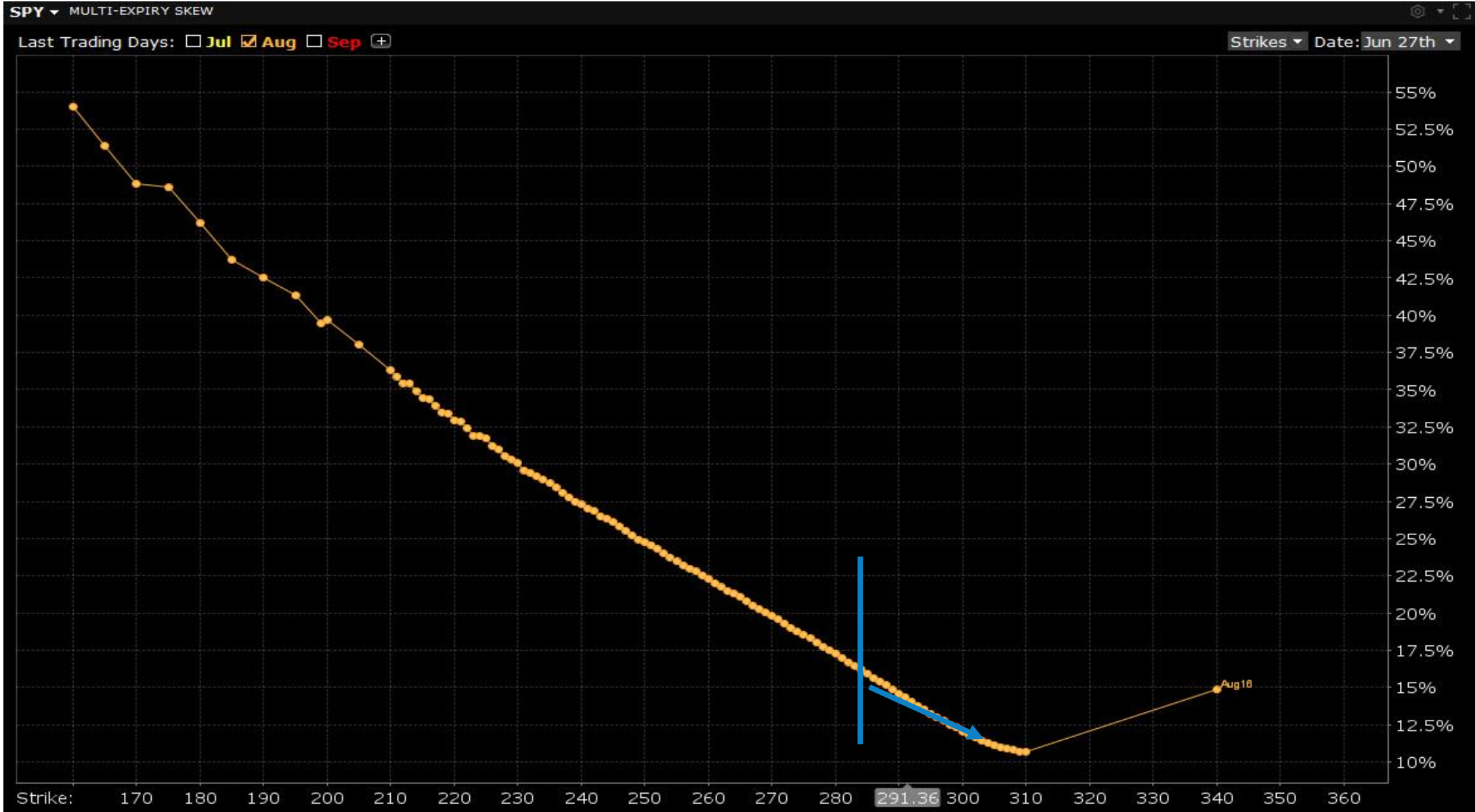
June 27th, 2019

- Looking for upside market exposure
- Investor considering the underlying ETF vs. call options

Underlying				SPY SPDR S&P500 ETF							
Price				291.34							
IV Close				14.10%							
AUG 02 '19 ^w 36 DAYS		AUG 09 '19 ^w 43 DAYS		AUG 16 '19 50 DAYS		SEP 20 '19 85 DAYS		MORE ▾			
CALLS											
BID x ASK		LAST CHANGE		IMPLD V...		OPTN OP...	DELTA	GAMMA	VEGA	THETA	STRIKE
▪ 2.44 x 2.45 ▪		▪ 2.45		+0.30		12%	0.295	0.027	0.371	-0.051	300
▪ 7.10 x 7.11 ▪		7.11		+0.62		14.3%	0.553	0.026	0.424	-0.072	291
▪ 11.34 x 11.37 ▪		11.20		+0.63		16%	0.685	0.021	0.396	-0.074	285

Case study: Underlying vs. different call options

June 27th, 2019



Our Investors

Investor
A

Trading the underlying

Investor
B

Using high delta option

Investor
C

Using at-the-money option

Investor
D

Using out-of-the-money option

Case study: Underlying vs. different call options

	Underlying	Cost	Starting Delta Dollars
Investor A	Buy 100 shares of SPY	\$291.34 (\$29,134.00)	\$29,134.00 (1.000)
Investor B	SPY August 16 th \$285 call	\$11.37 (\$1,137.00)	\$19,956.79 (0.685)
Investor C	SPY August 16 th \$291 call	\$7.11 (\$711.00)	\$16,111.10 (0.553)
Investor D	SPY August 16 th \$300 call	\$2.45 (\$245.00)	\$8,594.53 (0.295)

Scenario 1: SPY Rises to \$310.00 in 30 days

	Underlying	Cost	Market Value	Profit/Loss
Investor A	Buy 100 shares of SPY	\$291.34 (\$29,134.00)	\$310.00 (\$31,000.00)	+\$18.66 (\$1,866.00)
Investor B	SPY August 16 th \$285 call	\$11.37 (\$1,137.00)	\$25.38 (\$2,538.00)	+\$14.01 (\$1,401.00)
Investor C	SPY August 16 th \$291 call	\$7.11 (\$711.00)	\$19.45 (\$1,945.00)	+\$12.34 (\$1,234.00)
Investor D	SPY August 16 th \$300 call	\$2.45 (\$245.00)	\$10.87 (\$1,087.00)	+ 8.42 (\$ 842.00)

Scenario 2: SPY Unchanged over 30 days

	Underlying	Cost	Market Value	Profit/Loss
Investor A	Buy 100 shares of SPY	\$291.34 (\$29,134.00)	\$291.34 (\$29,134.00)	\$0.00
Investor B	SPY August 16 th \$285 call	\$11.37 (\$1,137.00)	\$8.52 (\$852.00)	-\$2.85 (\$285.00)
Investor C	SPY August 16 th \$291 call	\$7.11 (\$711.00)	\$4.32 (\$432.00)	-\$2.79 (\$279.00)
Investor D	SPY August 16 th \$300 call	\$2.45 (\$245.00)	\$0.74 (\$74.00)	-\$1.71 (\$171.00)

Scenario 3: SPY Drops to \$260.00 over 30 days

	Underlying	Cost	Market Value	Profit/Loss
Investor A	Buy 100 shares of SPY	\$291.34 (\$29,134.00)	\$260.00 (\$26,000.00)	-\$31.34 (\$3,134.00)
Investor B	SPY August 16 th \$285 call	\$11.37 (\$1,137.00)	\$0.05 (\$5.00)	-\$11.32 (\$1,132.00)
Investor C	SPY August 16 th \$291 call	\$7.11 (\$711.00)	\$0.00 (\$0.00)	-\$7.11 (\$711.00)
Investor D	SPY August 16 th \$300 call	\$2.45 (\$245.00)	\$0.00 (\$0.00)	-\$2.45 (\$245.00)

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Questions: contact@bigpicturetrading.com

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Patrick Ceresna



OPTIONS

Founder and Chief Derivative Market Strategist

Big Picture Trading Inc



Patrick Ceresna is the founder and chief derivative market strategist at Big Picture Trading. A certified chartered market technician, derivative market specialist and Canadian investment manager by designation, he is also one of the lead instructors for the TMX Montreal Exchange, educating investors about the strategic applications of options. Mr. Ceresna can be heard weekly on the MacroVoices podcast and Youtube show the Market Huddle where he shares his market insights with the audience.



Speaker Schedule

Bull vs. Bear Smackdown: Where Are Stocks and Bonds Heading?

July 21, 2019, 10:00 am - 10:30 am CDT

Focus: STRATEGIES

—The Global—
Macro Edge Series

Discover the Strategy Patrick Used to Catch the Last Two Market Tops.

July 22, 2019, 12:15 pm - 12:45 pm CDT

Focus: STRATEGIES