

WEBVTT

1

00:20:42.510 --> 00:20:44.600

AAII Chapter Webinar: Okay. Now, we're recording.

2

00:20:46.070 --> 00:20:54.589

AAII Chapter Webinar: Okay, everything sounds good. Well, welcome, everyone. Thanks for thanks for coming. I hope you find this to be very interesting. You probably will.

3

00:20:54.960 --> 00:21:02.979

AAII Chapter Webinar: We have a guest today, Robell, who's been trading calendars for a long time, and he's here to

4

00:21:03.230 --> 00:21:14.510

AAII Chapter Webinar: give us more than an hour's worth of wisdom within an hour. So this should be very interesting, and I appreciate Anzhou for agreeing to come on and talk to us.

5

00:21:14.530 --> 00:21:21.280

AAII Chapter Webinar: and so with that, I'll I'll turn it over to Manchu, and off we go.

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00:21:21.810 --> 00:21:22.890

Himanshu Raval: Okay.

7

00:21:23.280 --> 00:21:27.550

Himanshu Raval: thank you very much. Can you guys see my screen?

8

00:21:31.510 --> 00:21:33.199

AAII Chapter Webinar: And I'm going to mute.

9

00:21:43.030 --> 00:21:45.140

Himanshu Raval: Okay, can you guys see my screen?

10

00:21:46.010 --> 00:21:49.439

Himanshu Raval: Yes, Steve says, yes, okay, yes, all right.

11

00:21:49.620 --> 00:22:01.399

Himanshu Raval: Alright. So just a brief introduction Bruce. Suggested that I drop by and talk about calendars my name is Yaman Shu. I leave

12

00:22:01.420 --> 00:22:06.319

Himanshu Raval: in New Jersey less than 10 miles from New York City.

13

00:22:08.590 --> 00:22:11.730

Himanshu Raval: I'm not very happy about that, but that's the way things are.

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00:22:13.220 --> 00:22:26.849

Himanshu Raval: The one of the things Bruce talked about. Might have talked about with you guys is that I mainly trade calendars and I've been doing that since 1998.

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00:22:26.880 --> 00:22:34.010

Himanshu Raval: And he wanted me to talk about

16

00:22:34.020 --> 00:22:43.930

Himanshu Raval: Why I trade calendars how I trade calendars, and what are the stocks or instruments on which I trade calendars?

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00:22:45.560 --> 00:22:56.540

Himanshu Raval: So to answer his first question. Why I trade calendars. I trade calendars because I find it one of the easiest option strategies.

18

00:22:56.590 --> 00:22:59.420

Himanshu Raval: It is literally like a covered call.

19

00:22:59.770 --> 00:23:06.160

Himanshu Raval: but much more optimized because we are not buying stock. We are just buying a call and selling a call.

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00:23:08.590 --> 00:23:27.690

Himanshu Raval: So that is the answer to the first question that Bruce had. Why, do I not trade anything else? That is not really true. I trade many other options. Strategies like butterflies, condors credit spreads debit spreads.

21

00:23:27.730 --> 00:23:30.640

Himanshu Raval: I just prefer calendars, because

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00:23:31.890 --> 00:23:35.279

Himanshu Raval: it entails the least amount of work for me.

23

00:23:35.800 --> 00:23:44.139

Himanshu Raval: and I must confess to all of you that I am allergic to work. So the less I work the better I do.

24

00:23:45.650 --> 00:23:58.149

Himanshu Raval: Now. Bruce also mentioned that most of you guys already know about calendars and have been trading options calendars as well.

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00:23:58.350 --> 00:24:07.109

Himanshu Raval: So if you guys have any specific questions feel free to shoot me a question anytime, you feel the need to.

26

00:24:09.990 --> 00:24:14.470

Himanshu Raval: I'm assuming there are no questions right now. I'm not seeing

27

00:24:15.550 --> 00:24:18.840

Himanshu Raval: the chat window right now.

28

00:24:20.110 --> 00:24:22.400

Himanshu Raval: Actually, what happened to my chat window.

29

00:24:24.120 --> 00:24:25.759

Himanshu Raval: Okay, never mind.

30

00:24:27.010 --> 00:24:29.510

Himanshu Raval: Okay. So

31

00:24:33.110 --> 00:24:37.909

Himanshu Raval: I am assuming that most of you folks at least know what calendars are. Right?

32

00:24:42.170 --> 00:24:44.130

MJ Popovic: I'm not familiar with it.

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00:24:44.570 --> 00:24:46.080

Himanshu Raval: Okay?

34

00:24:47.080 --> 00:24:50.569

Himanshu Raval: So you are familiar with a covered call. Right?

35

00:24:52.380 --> 00:25:08.009

Himanshu Raval: No, this is all kind of new for me. Oh, okay, alright. So a covered call is something. Let's suppose I like adobe. It's a fundamentally sound company. So I will buy, say, a hundred or 200 shares of adobe right?

36

00:25:08.650 --> 00:25:14.289

Himanshu Raval: And I intend to keep it for a long time, because it is a fundamentally sound company.

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00:25:15.570 --> 00:25:18.969

Himanshu Raval: Now, because I own the stock

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00:25:19.020 --> 00:25:23.729

Himanshu Raval: against this, against this talk, I can sell calls

39

00:25:25.300 --> 00:25:47.170

Himanshu Raval: calls are something that is part of a derivative called options. They are derived from the price of the stock itself. So right now, adobe is at 492.40, as we can see on the chart. But if we were to look at the options on adobe

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00:25:47.560 --> 00:25:56.299

Himanshu Raval: we can have different options. There are some options that expire in 6 days, some in 12 days, some in 20 days. They expire like literally every Friday.

41

00:25:57.700 --> 00:25:59.740

Himanshu Raval: and then, of course, there are some that will.

42

00:25:59.890 --> 00:26:06.640

Himanshu Raval: This is eighteenth December is a Friday, that is 1,007 days away.

43

00:26:07.770 --> 00:26:11.240

Himanshu Raval: So if I own a hundred shares of adobe

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00:26:12.100 --> 00:26:19.870

Himanshu Raval: at 492, which is the current price. Let's say I bought it yesterday

Friday at

45

00:26:20.050 --> 00:26:21.100

Himanshu Raval: 4 pm.

46

00:26:21.120 --> 00:26:26.610

Himanshu Raval: Eastern time. Then against this 100 shares. What I can do

47

00:26:27.760 --> 00:26:30.160

Himanshu Raval: is that I can sell a call.

48

00:26:32.540 --> 00:26:46.489

Himanshu Raval: So here, since the price is 4 92, and all the calls are literally at a number that ends in 0 or a 5. So we have a call option at 495 or 500. These are the call options.

49

00:26:46.510 --> 00:26:49.019

Himanshu Raval: These are the put options.

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00:26:49.270 --> 00:26:58.720

Himanshu Raval: A call option means that if I own a call option. That means I or, for example, let's say I owe. I buy a call option at 4 60.

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00:26:59.920 --> 00:27:05.839

Himanshu Raval: It is going to cost me the mid price between the bid and the ask.

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00:27:06.730 --> 00:27:17.199

Himanshu Raval: So this is 38. This is 42, so it'll probably cost me around \$40. But since every option involves 100 shares.

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00:27:18.420 --> 00:27:24.990

Himanshu Raval: the price is not just \$40, it is 40 times 100,

54

00:27:25.380 --> 00:27:27.050

Himanshu Raval: which means 4 grand.

55

00:27:29.200 --> 00:27:33.700

Himanshu Raval: So now what happens is that if I own stock

56

00:27:34.650 --> 00:27:37.300

Himanshu Raval: I can sell a call

57

00:27:38.400 --> 00:27:42.309

Himanshu Raval: and collect \$4,000

58

00:27:42.870 --> 00:27:48.710

Himanshu Raval: on this call. If I were to sell the 4 60 call against the stock that I purchased.

59

00:27:49.370 --> 00:27:51.050

Himanshu Raval: Did that make sense?

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00:27:54.000 --> 00:27:54.920

MJ Popovic: Yes.

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00:27:55.050 --> 00:27:56.700

Himanshu Raval: okay.

62

00:27:56.920 --> 00:28:00.330

Himanshu Raval: Now I come from the

63

00:28:02.180 --> 00:28:04.669

Himanshu Raval: the the idea

64

00:28:05.070 --> 00:28:09.409

Himanshu Raval: that why would I even want to spend

65

00:28:11.400 --> 00:28:16.790

Himanshu Raval: \$4,900 to buy adobe stock

66

00:28:19.640 --> 00:28:25.050

Himanshu Raval: when I can just buy the 4 90 call

67

00:28:26.540 --> 00:28:32.870

Himanshu Raval: which will cost me midway between 2130 and 2240.

68

00:28:33.610 --> 00:28:48.769

Himanshu Raval: Let's just say it'll cost me 22 bucks, which means 2,200 bucks. In other words, I am now risking only 2,200 bucks instead of buying 100 shares and risking 49,246 bucks.

69

00:28:52.270 --> 00:28:54.030

Himanshu Raval: Everybody with me so far.

70

00:28:58.360 --> 00:28:59.210

MJ Popovic: Yes.

71

00:28:59.320 --> 00:29:00.480

Himanshu Raval: okay.

72

00:29:02.160 --> 00:29:08.210

Himanshu Raval: And just as in a covered call. If I buy the stock I can sell a call against the stock.

73

00:29:10.410 --> 00:29:14.259

Himanshu Raval: But the fun part is that if I just buy a call

74

00:29:15.550 --> 00:29:18.140

Himanshu Raval: I can sell a call against it.

75

00:29:18.910 --> 00:29:32.539

Himanshu Raval: So if I want to make this a long term trade, because I really like adobe, and I think adobe could potentially go to 1,000 I could buy, let's say, all the way to seventeenth January 2025,

76

00:29:32.830 --> 00:29:46.870

Himanshu Raval: and if I believe that it is, gonna go to say 1,000, I don't even have to buy the 4 92 calls I can literally buy, let's say, the 700 cop.

77

00:29:49.030 --> 00:29:54.900

Himanshu Raval: In other words, I am now buying something that'll only cost me

78

00:29:56.450 --> 00:29:58.339

Himanshu Raval: \$1,400

79

00:30:00.170 --> 00:30:04.729  
Himanshu Raval: instead of \$49,246.

80  
00:30:07.170 --> 00:30:15.009  
Himanshu Raval: In other words, I just reduce my risk by close to. I don't know 98%,

81  
00:30:18.410 --> 00:30:22.979  
Himanshu Raval: and like a covered call because I bought this call.

82  
00:30:24.070 --> 00:30:34.620  
Himanshu Raval: I can now go close in closer in time, like, just say, 34 days out in time and sell a call against my original call.

83  
00:30:36.770 --> 00:30:42.290  
Himanshu Raval: and if that call that I sell is also at 700.

84  
00:30:43.450 --> 00:30:44.160  
Himanshu Raval: Oh.

85  
00:30:45.340 --> 00:30:52.300  
Himanshu Raval: somewhere down here. It's not even showing up. Then I just bought myself a calendar.

86  
00:30:53.990 --> 00:31:04.410  
Himanshu Raval: So a calendar is essentially nothing but a very, very optimized and

87  
00:31:06.210 --> 00:31:13.000  
Himanshu Raval: low risk strategy where I don't have to shell out 50 grand to buy 100 shares of adobe.

88  
00:31:13.440 --> 00:31:17.269  
Himanshu Raval: or any other shares of any company, for that matter.

89  
00:31:19.880 --> 00:31:28.480  
Himanshu Raval: because my main goal is, for example, now, just in case you don't know if I buy the 700 call, and if

90  
00:31:28.740 --> 00:31:31.180  
Himanshu Raval: adobe does go to 700



91

00:31:31.430 --> 00:31:38.399

Himanshu Raval: in the next 300 days, or beyond 700, to say 800,000. 901,000.

92

00:31:38.640 --> 00:31:47.229

Himanshu Raval: Then the call that I just purchased for 2,800 bucks will probably double triple, quadruple, or even quintuple in value.

93

00:31:48.840 --> 00:31:52.439

Himanshu Raval: So the fun part here is that I am risking very little.

94

00:31:52.970 --> 00:32:03.459

Himanshu Raval: but I'm still making almost the same amount that I would make in in some cases even more than what I could make if I were to buy a hundred shares of adobe.

95

00:32:05.300 --> 00:32:20.460

Himanshu Raval: This is also a good strategy for people who are just starting out, or who may be, who may not have \$49,246 to just shell out to buy 100 share safari.

96

00:32:24.550 --> 00:32:33.379

Himanshu Raval: In other words, this is. it is less expensive. If things really go south.

97

00:32:33.610 --> 00:32:49.560

Himanshu Raval: The worst thing that will happen to you is that you will lose whatever money that we paid for it. I forget how much it was. Let's say, instead of all the way to 700, we decide that adobe is going to go to 5 50.

98

00:32:50.650 --> 00:33:01.400

Himanshu Raval: If I buy already today, it's gonna cost me \$49,246. But if I buy a call it is just going to call me cost me

99

00:33:01.410 --> 00:33:05.179

Himanshu Raval: \$415.

100

00:33:06.880 --> 00:33:12.949

Himanshu Raval: Now the problem with options is that they expire. In other words.

101

00:33:13.630 --> 00:33:24.519

Himanshu Raval: here the number 34 says that I have 34 days before this call option expires. So if in the next 34 days adobe doesn't get to 5, 50,

102

00:33:25.630 --> 00:33:26.900

Himanshu Raval: and beyond.

103

00:33:27.090 --> 00:33:32.200

Himanshu Raval: I lose my \$4 and 15 cents, or \$415,

104

00:33:37.530 --> 00:33:47.349

Himanshu Raval: which is why this is a significantly optimized code call. In other words, I can literally go. Let's say 125 days out. I can buy the 5 50 call

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00:33:48.170 --> 00:33:54.589

Himanshu Raval: where is the 5 50? Call here I can spend 2 grand, only 2 grand

106

00:33:55.810 --> 00:34:07.960

Himanshu Raval: instead of 49 grand. I'm spending only 2 grand and like a covered call. Now I can go closer in time to say 28 march, which is only 12 days away, and I can sell

107

00:34:08.050 --> 00:34:09.570

Himanshu Raval: the 500

108

00:34:09.719 --> 00:34:13.349

Himanshu Raval: call, or the 5 50 call, whichever one that we bought

109

00:34:15.530 --> 00:34:17.600

Himanshu Raval: for

110

00:34:17.780 --> 00:34:20.440

Himanshu Raval: a dollar 60

111

00:34:21.360 --> 00:34:25.639

Himanshu Raval: for the mid price between dollar 30 and dollar 60, which would be a dollar 45,

112

00:34:25.920 --> 00:34:38.310

Himanshu Raval: which means that I just recovered a hundred 45 bucks back. This is a covered call. This is the call that I am selling. The first call is the call that I purchased.

113

00:34:40.560 --> 00:34:53.160

Himanshu Raval: so I am purchasing something that is, 125 days out. which is going to cost me something. and I am selling something that is literally just 34 days out against that long call.

114

00:34:53.580 --> 00:35:01.930

Himanshu Raval: thereby reducing my overall cost. thereby reducing my overall risk in the market.

115

00:35:03.120 --> 00:35:15.320

Himanshu Raval: because a lot of people will look at a chart and say, oh, my God! Look what happened to adobe rubies! Something happened. Some earnings came out. They were either not so good. Actually, they were very good

116

00:35:15.910 --> 00:35:20.470

Himanshu Raval: estimated, was 3 57 and actual was 4.4 8,

117

00:35:21.580 --> 00:35:23.610

Himanshu Raval: and yet adobe dropped.

118

00:35:26.930 --> 00:35:35.919

Himanshu Raval: and because it dropped it is now cheaper right instead. The day before yesterday it was at 5 70. Now it's at 4 92,

119

00:35:36.560 --> 00:35:41.749

Himanshu Raval: and therefore the call option that I purchase tomorrow morning will also be cheaper.

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00:35:43.540 --> 00:35:45.050

Himanshu Raval: So now

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00:35:46.040 --> 00:35:51.089

Himanshu Raval: I am doing the covered call strategy

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00:35:52.590 --> 00:35:56.400

Himanshu Raval: with 0 money

123

00:35:58.560 --> 00:35:59.750

Himanshu Raval: towards

124

00:35:59.860 --> 00:36:03.409

Himanshu Raval: the purchase of the actual stock itself.

125

00:36:08.760 --> 00:36:10.319

Himanshu Raval: And

126

00:36:10.920 --> 00:36:15.449

Himanshu Raval: I know this might be a little difficult to understand. But

127

00:36:15.880 --> 00:36:16.930

Himanshu Raval: the

128

00:36:17.730 --> 00:36:24.700

Himanshu Raval: the stock market or the options market is the only market on this planet

129

00:36:25.550 --> 00:36:28.440

Himanshu Raval: where you actually own something.

130

00:36:29.530 --> 00:36:46.809

Himanshu Raval: where you actually control something without owning it. So when you purchase 100 shares, when you buy one call option. you are controlling under shares. But when you buy a hundred chairs you actually bought them, and you are out 50 grand.

131

00:36:48.940 --> 00:36:59.630

Himanshu Raval: So, in other words, now you are risking significantly less. and from an investment perspective or a trading perspective.

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00:36:59.880 --> 00:37:05.110

Himanshu Raval: the. The. The most important thing is risk management.

133

00:37:08.480 --> 00:37:14.310

Himanshu Raval: So we are managing our risk in the stock market by using options.

134

00:37:18.250 --> 00:37:19.330

Himanshu Raval: Any questions

135

00:37:25.300 --> 00:37:27.000

Richard Weisberger: I have. I have one question.

136

00:37:27.190 --> 00:37:27.950

Himanshu Raval: sure.

137

00:37:28.870 --> 00:37:31.599

Richard Weisberger: how are you protecting your your downside

138

00:37:32.430 --> 00:37:37.639

Richard Weisberger: in in the case when you're selling your your call without having

139

00:37:38.800 --> 00:37:41.139

Richard Weisberger: be underlying in your possession

140

00:37:45.660 --> 00:37:54.729

Himanshu Raval: the buying a call. Buying a long-term call is equivalent almost equivalent to buying the stock.

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00:37:56.730 --> 00:38:00.280

Himanshu Raval: so by buying one call

142

00:38:00.610 --> 00:38:04.200

Himanshu Raval: Say, expiring in December of this month.

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00:38:04.740 --> 00:38:07.809

Himanshu Raval: I am now controlling 100 shares.

144

00:38:08.740 --> 00:38:18.159

Himanshu Raval: So against that 100 shares I am now selling a call. See? Controlling literally means almost only in the stock market.

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00:38:18.540 --> 00:38:22.940

Richard Weisberger: Yeah, what what would happen if if adobe fell by 50%.

146

00:38:23.400 --> 00:38:31.290

Himanshu Raval: So if adobe, okay, so if adobe falls by 50, this call that I purchased that.

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00:38:31.410 --> 00:38:39.269

Himanshu Raval: No, it won't be worthless it'll it'll go worthless 3 months from now, when it expires

148

00:38:39.590 --> 00:38:42.760

Himanshu Raval: it will lose value, but it won't be worthless

149

00:38:43.870 --> 00:38:45.099

Himanshu Raval: number one.

150

00:38:45.140 --> 00:38:51.820

Himanshu Raval: But if this loses value, the short call that I sold will lose value even faster.

151

00:38:51.990 --> 00:38:59.749

Himanshu Raval: It'll go worthless in like literally the next 5 days, and I get to keep the money that I made by selling this call.

152

00:39:05.290 --> 00:39:12.639

Himanshu Raval: So buying one call is equivalent to controlling under chairs here. But over here I am selling one call.

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00:39:12.810 --> 00:39:33.129

Himanshu Raval: which is equivalent to a covered call, and if that covered call expires worthless in the next 30 days, then I just sell the next covered call and the next covered call, and the next covered call, and the next covered call, and I can do that to such an extent that I end up making a whole lot more money selling calls. Then I spent in buying this long call.

154

00:39:34.080 --> 00:39:37.779

Himanshu Raval: By long I mean that I bought it short means that I shorted it.

155

00:39:41.460 --> 00:39:50.690

Himanshu Raval: This so it would be like over here. I could have sold a hundred shares short. in which case I would have made a lot of money

156

00:39:52.210 --> 00:40:04.150

Himanshu Raval: like literally 70 plus 8 or \$78 close to 63 plus 8, which would be \$71. I would have made \$71 on that stock 100 shares.

157

00:40:04.370 --> 00:40:08.089

Himanshu Raval: but to sell a hundred shares short

158

00:40:08.170 --> 00:40:16.760

Himanshu Raval: of adobe would have cost me \$56,893,

159

00:40:17.590 --> 00:40:23.680

Himanshu Raval: and on that 100 shares, when Price went all the way down to 4, 92, I made 71

160

00:40:23.850 --> 00:40:29.399

Himanshu Raval: dollars times a hundred shares, which is 7,100 bucks in one day.

161

00:40:29.440 --> 00:40:35.119

Himanshu Raval: if I am dealing with the stock itself. But if I had bought a put

162

00:40:37.770 --> 00:40:44.579

Himanshu Raval: for significantly less than 506, 56,309 bucks.

163

00:40:45.430 --> 00:40:47.790

Himanshu Raval: or whatever the price here was

164

00:40:49.570 --> 00:40:57.430

Himanshu Raval: that put would have doubled triple, maybe even quadrupled in value in just one day.

165

00:40:57.650 --> 00:41:00.200

Himanshu Raval: and then I just get out of it. I'm done.

166

00:41:00.360 --> 00:41:03.359

Himanshu Raval: I made money on my trade. I move on to the next trade.

167

00:41:03.980 --> 00:41:12.549

Himanshu Raval: Remember, this is not investment I am not investing in adobe. I am

just making money off of adobe's price movement.

168

00:41:15.890 --> 00:41:18.210

Himanshu Raval: which is what options let us do.

169

00:41:20.080 --> 00:41:26.820

Himanshu Raval: I have? No even if I have no interest in adobe at all

170

00:41:27.090 --> 00:41:31.669

Himanshu Raval: as as a stock meaning, I have no interest in owning adobe stock.

171

00:41:31.680 --> 00:41:35.060

Himanshu Raval: I can still use options to make money on adobe.

172

00:41:35.220 --> 00:41:43.550

Himanshu Raval: or on Amazon, or whatever Netflix or N. Media, or any of the con

173

00:41:44.080 --> 00:41:45.489

Himanshu Raval: the 7,000

174

00:41:46.170 --> 00:41:56.830

Himanshu Raval: publicly traded companies that are out there which have options, not all companies have options. The other thing that people can do is like, for example, let's say.

175

00:41:56.970 --> 00:42:08.400

Himanshu Raval: companies that are they pay out good dividends right? Like J. And J. For example, Jj. Has been around for the last. I don't know 150 years. We know it's a good company.

176

00:42:10.570 --> 00:42:22.140

Himanshu Raval: So every time that I buy J. And J. Because of the dividends, then what I can do is that if I buy, though, buy a. If I were to buy the stock

177

00:42:22.240 --> 00:42:29.529

Himanshu Raval: I can sell a call against the stock for every 100 shares, I can sell a call. But again, why would I buy

178

00:42:29.570 --> 00:42:36.940



Himanshu Raval: a 100 shares of something that is going to cost me 16,841 bucks.

179

00:42:38.260 --> 00:42:45.740

Himanshu Raval: because, even though it's a good company, it's a fundamentally sound company. When the market goes down.

180

00:42:46.440 --> 00:42:48.009

Himanshu Raval: it will also go down.

181

00:42:49.400 --> 00:42:59.709

Himanshu Raval: you know. Sinking tide will sink all ships. That doesn't mean that the ship is bad. or you know something is wrong with the ship.

182

00:43:00.450 --> 00:43:09.490

Himanshu Raval: So here we can see that Johnson and Johnson one of the how shall I say? The stalwarts of the Us. Stock market

183

00:43:09.570 --> 00:43:12.450

Himanshu Raval: has gone from 1 75

184

00:43:12.500 --> 00:43:16.180

Himanshu Raval: point 9 7 down to 1 44,

185

00:43:17.280 --> 00:43:20.689

Himanshu Raval: I mean, it literally lost one third of its value

186

00:43:22.810 --> 00:43:24.999

Himanshu Raval: close to one-third of its value.

187

00:43:27.320 --> 00:43:28.260

Himanshu Raval: But

188

00:43:30.210 --> 00:43:33.160

Himanshu Raval: from a technical analysis perspective.

189

00:43:34.160 --> 00:43:38.560

Himanshu Raval: I knew this was going to happen based on this one bar here.

190

00:43:38.690 --> 00:43:44.350

Himanshu Raval: and when the law of this bar was taken out on this day is when I would buy me a put

191

00:43:45.500 --> 00:44:02.810

Himanshu Raval: if I buy, I put 30 days out. This is on 8, 21, and on 1027. So 2 months later, prices at 1, 44, one month later, at 9, 21, or before 9, 21 on 9, 6

192

00:44:03.600 --> 00:44:09.230

Himanshu Raval: price reached low, of 1, 57, from 1 67 to 1, 57.

193

00:44:10.490 --> 00:44:15.770

Himanshu Raval: My. my put options literally

194

00:44:16.930 --> 00:44:18.330

Himanshu Raval: tripled in value.

195

00:44:23.890 --> 00:44:28.649

Himanshu Raval: Now in the investment world, the general

196

00:44:28.970 --> 00:44:37.180

Himanshu Raval: consensus is that we only buy stock if the stock is good or fundamentally sound

197

00:44:37.900 --> 00:44:39.400

or

198

00:44:39.430 --> 00:44:46.550

Himanshu Raval: is a growth company, then we essentially buy the stock, and then we just

199

00:44:46.740 --> 00:44:48.860

Himanshu Raval: keep it forever.

200

00:44:49.950 --> 00:44:56.499

Himanshu Raval: unless something happens by virtue of which it is not considered fundamentally sound any more.

201

00:45:00.120 --> 00:45:01.599

Himanshu Raval: Am I making sense

202

00:45:03.090 --> 00:45:16.789

STEVE RAWLINSON: and minds you? I've got a question about a calendar spread, let's say you. by a call that expires 3 months hence you sell a call at the same strike price

203

00:45:16.870 --> 00:45:28.910

STEVE RAWLINSON: that expires one weekends and the market skyrockets, so that the call you sold is in the money and the guy exercises it.

204

00:45:29.190 --> 00:45:33.940

STEVE RAWLINSON: Okay, you've got the the one. Call that

205

00:45:34.190 --> 00:45:46.010

STEVE RAWLINSON: so you but don't you have to buy the stock and deliver it to him? And then you can. Yeah, you have to call a stock away from.

206

00:45:46.280 --> 00:45:48.359

Himanshu Raval: Well, no. The stock got pulled away.

207

00:45:49.570 --> 00:45:56.200

STEVE RAWLINSON: Well, you own a call. You don't own the stock. You own the call correct. But now, if my short call

208

00:45:56.670 --> 00:46:07.469

Himanshu Raval: that got exercised. so what happens is that now I own I am short. 100 shares of J. And J.

209

00:46:10.880 --> 00:46:25.610

Himanshu Raval: So I I'm literally short while the market is going up. I'm short. Jnj, which is not a good thing, right. but all I would do is call my broker and say I'm short under shares, but I have a long call, so wrap them up.

210

00:46:25.950 --> 00:46:27.380

Himanshu Raval: and I walk away with

211

00:46:27.490 --> 00:46:29.880

Himanshu Raval: literally

212

00:46:30.210 --> 00:46:32.070

Himanshu Raval: 0 profits

213

00:46:32.650 --> 00:46:36.259

Himanshu Raval: total. It was a scratch trade. Except for the Commission.

214

00:46:36.890 --> 00:46:44.529

STEVE RAWLINSON: The guy who exercise the call had to pay you money to exercise it. That money.

215

00:46:44.880 --> 00:46:51.009

STEVE RAWLINSON: then exercise the call. You have your broker. Allow you to do that correct.

216

00:46:51.460 --> 00:46:57.380

Himanshu Raval: but I don't even have to exercise the call. I can just say call it a scratch.

217

00:46:58.880 --> 00:47:11.349

Himanshu Raval: I mean, yes, I can exercise the call, but essentially. That's what's calling it a scratch meets. I'm exercising my call. Therefore my minus 100 chairs, and this plus 100 chairs.

218

00:47:11.400 --> 00:47:15.029

Himanshu Raval: cancel each other out, and I'm out of the trade completely.

219

00:47:15.870 --> 00:47:31.489

Himanshu Raval: Nothing more for me to do. But again this happens. If you are in the money, as you said, if if if Jane just skyrockets up. then my short call will be in trouble. I'm losing money over there because it is in the money.

220

00:47:32.420 --> 00:47:45.389

Himanshu Raval: but I can still roll it forward while it is in the money as well. See, normally, you will get assigned on a short call if the if the call is going to expire in the next

221

00:47:45.410 --> 00:47:47.170

Himanshu Raval: 3 to 7 days.

222

00:47:47.430 --> 00:47:54.810

Himanshu Raval: Most of the times. It is not a rule. You can even get a assigned or assigned a stock

223

00:47:54.840 --> 00:48:00.330

Himanshu Raval: 3 months out, but I have never seen it happen so far. In the last 25 years of my life.

224

00:48:00.600 --> 00:48:02.430

STEVE RAWLINSON: It happened to me once.

225

00:48:03.640 --> 00:48:14.400

STEVE RAWLINSON: really. How how far away from expedition were you? I don't remember, but it was a couple of months. I think it was. It was a surprise to me. It was a covered call.

226

00:48:14.600 --> 00:48:23.480

STEVE RAWLINSON: and I wasn't doing a calendar spread. I just wrote a covered call, and my stock got called away a month or 2 before expiration.

227

00:48:24.000 --> 00:48:34.509

STEVE RAWLINSON: Hmm! So usually that'll that will happen a lot. Usually it happens when a new not a new company, but a newer company suddenly,

228

00:48:34.630 --> 00:48:42.990

Himanshu Raval: gains a lot of attention like it happened with a lot of my students and friends with Tesla.

229

00:48:43.930 --> 00:48:48.810

Himanshu Raval: When Tesla was riding high went all the way to a thousand dollars. It literally went from like

230

00:48:49.130 --> 00:48:53.809

Himanshu Raval: 600 to a thousand in like under less than 3 months.

231

00:48:54.810 --> 00:49:13.589

Himanshu Raval: This was like 2, 3, 40 before Tesla split the stock split. And they, these guys were assigned like a total of a couple of 1,000 shares of Tesla, and they were like, Oh, shit! What should I do? What should I do? What should I do? But if you have the corresponding call on the other side. Then, yeah, you are perfectly fine.

232

00:49:16.230 --> 00:49:17.829

Himanshu Raval: They just do it for you.

233

00:49:18.720 --> 00:49:23.980

Himanshu Raval: the the brokerage themselves. You just call them up and say, Scratch it out, and they will do.

234

00:49:24.190 --> 00:49:26.980

Himanshu Raval: They don't even charge you for it.

235

00:49:31.100 --> 00:49:43.580

Himanshu Raval: So yeah, you're right something like that could potentially happen. But again, if if you leave it out most of the times. I'm rolling my short call from here to next week, out or next month out.

236

00:49:43.870 --> 00:49:49.340

Himanshu Raval: depending on how much credit I'm getting. For at least

237

00:49:49.550 --> 00:49:54.099

Himanshu Raval: anywhere, from 10 to 10 days to 20 days before expiration.

238

00:49:56.190 --> 00:50:04.859

Himanshu Raval: But so so far, throughout my career in options, I have been assigned only twice.

239

00:50:06.050 --> 00:50:17.419

Himanshu Raval: The first time was when I had no clue. What I was doing this was way back, and I was. I was in a panic mode, but fortunately toss I remember calling

240

00:50:17.810 --> 00:50:25.809

Himanshu Raval: their their main line and it was Mr. Tom Sasnov, who picked up the phone.

241

00:50:26.350 --> 00:50:43.589

Himanshu Raval: And he was like, Yeah, don't worry about it. We'll take care of. I'm like, okay. So the second time that it happened, I was like, Oh, yeah, they'll take care of it, and they did nowadays, most of the time, especially when you go with very high price. Talk like let's say if you were to go with

242

00:50:44.300 --> 00:50:50.670

Cmg, right? It's the stock is worth \$2,756.

243

00:50:51.260 --> 00:50:53.650

Himanshu Raval: So 100 shares of this.

244

00:50:54.920 --> 00:51:07.529

Himanshu Raval: He's a you know. You can buy a house with it. depending on where you live. Shh! So they, the the brokerage firm, will just.

245

00:51:07.970 --> 00:51:11.780

Himanshu Raval: They will just nullify the trade completely.

246

00:51:12.710 --> 00:51:22.800

Himanshu Raval: and you don't even have to do it. You will just get a message saying you know you were assigned, and your long call was also taken care of. So now you are at 0.

247

00:51:24.110 --> 00:51:27.919

Himanshu Raval: Please take better care next time that's what they'll say.

248

00:51:30.990 --> 00:51:37.009

Himanshu Raval: But essentially, a calendar is nothing but a significantly

249

00:51:37.490 --> 00:51:43.609

Himanshu Raval: optimized, consequently significantly low risk covered call strategy.

250

00:51:47.080 --> 00:51:50.280

Himanshu Raval: That's actually all there is to it.

251

00:51:50.430 --> 00:52:02.469

Himanshu Raval: And a lot of times what I would do when let's say, on this day. I know Jane J. Is going to go down because I'm a technical analyst, and this is literally telling me that Jane J is going to go down.

252

00:52:02.740 --> 00:52:12.370

Himanshu Raval: So I may literally it's at 1 71.6 2 sorry. It's at 1 72.1 7, and I will literally buy a calendar at 1 70.

253

00:52:13.530 --> 00:52:25.299

Himanshu Raval: Then when it goes all the way down here, I'll be like holy smoke. This is all the way at 164. So what I'll do is I'll just buy another calendar at 160. So now I have a double calendar.

254

00:52:25.680 --> 00:52:38.580

Himanshu Raval: Then it goes even further down all the way to 1 57 at this point in time I'm thinking that oh, maybe I should buy a third calendar, but then I see that there is support right here. and that support kicks in, and it goes up.

255

00:52:39.120 --> 00:52:40.500

Himanshu Raval: So in this

256

00:52:40.750 --> 00:52:49.529

Himanshu Raval: I don't know. 1, 2, 3, 4, 5, 6 days. Both my calendars made me a lot of money.

257

00:52:51.030 --> 00:52:52.960

Himanshu Raval: and by this time.

258

00:52:53.340 --> 00:52:59.560

Himanshu Raval: starting from this date, which is 8 21 to this date, which is 9 15,

259

00:52:59.730 --> 00:53:04.890

Himanshu Raval: it is time for me to roll my short calls over, and collect some more credit

260

00:53:07.000 --> 00:53:11.919

Himanshu Raval: in all 3 calendars, or both. 2 calendars. One is here and the other is here.

261

00:53:12.790 --> 00:53:17.559

Himanshu Raval: and then it starts coming down again, and somewhere over here I will add a third calendar.

262

00:53:18.730 --> 00:53:28.720

Himanshu Raval: but I'm still rolling my short calls forward every week or every month, depending on whether they have weekly calls or monthly calls. This guy does have weekly calls.



263

00:53:30.250 --> 00:53:41.129

Himanshu Raval: The problem with stocks like J. And J. Is that on a weekly call you literally will not get too much credit. you know you. You may get a buck. You may get

264

00:53:41.340 --> 00:53:45.219

Himanshu Raval: well in this case. Oh, this is 125 days left. Sorry

265

00:53:46.190 --> 00:53:48.420

Himanshu Raval: if you go a week out

266

00:53:49.570 --> 00:53:59.350

Himanshu Raval: at 1 60 you will literally get like 62 cents. That means \$62. But you are collecting 60 bucks literally every week

267

00:54:00.770 --> 00:54:06.940

Himanshu Raval: for the next. Wherever my long was, my long was what 125 days out.

268

00:54:08.690 --> 00:54:11.309

Himanshu Raval: So that is how many weeks?

269

00:54:11.590 --> 00:54:18.729

Himanshu Raval: 1, 2, 3, 4, 5, 6, 7, 8 weeks for 8 weeks I collect a dollar

270

00:54:19.080 --> 00:54:23.059

Himanshu Raval: dollar, \$25 50, depending on the price of the stock.

271

00:54:24.170 --> 00:54:26.690

Himanshu Raval: I recovered my money in the long call.

272

00:54:31.720 --> 00:54:40.290

Himanshu Raval: In other words, I am already at a prophet, and if Jane J. Goes through the roof, then this 1 60 call

273

00:54:41.280 --> 00:54:47.340

Himanshu Raval: also makes me money. This 5 65 could very well be at

274

00:54:49.840 --> 00:54:55.090

Himanshu Raval: 16 bucks. So 500 literally became 1,600 bucks.

275

00:54:55.400 --> 00:55:15.070

Himanshu Raval: so I may. So there are times when I make money on the short side of the calls and on the long side of the calls, same as you would in a covered call. If you own, if you own J. And J. Stock 100 shares, if it goes up your shares make money if it goes down. Your covered call makes money

276

00:55:15.540 --> 00:55:17.140

Himanshu Raval: either way. You make money.

277

00:55:19.690 --> 00:55:21.629

Himanshu Raval: which is the ultimate goal, anyway.

278

00:55:26.260 --> 00:55:28.080

Himanshu Raval: and that is a calendar.

279

00:55:30.910 --> 00:55:33.040

Himanshu Raval: So oh, somebody had a question.

280

00:55:33.890 --> 00:55:42.849

Himanshu Raval: Richard, is a question, how can you buy option to buy a stock that you want to keep at a lower price. Okay, so, for example, let's say you like J. And J.

281

00:55:43.330 --> 00:55:45.340

Himanshu Raval: Now, Jane J.

282

00:55:45.460 --> 00:55:55.990

Himanshu Raval: is at 1 58. But you are like, well, I would really like to buy JNJ. If it goes to say 1, 45, or 1 50.

283

00:55:56.480 --> 00:56:01.150

Himanshu Raval: Then what you do is you can literally go 6 months out.

284

00:56:03.590 --> 00:56:08.779

Himanshu Raval: you can go 100 days out and you can buy the 1 50 put.

285

00:56:09.080 --> 00:56:11.140

Himanshu Raval: So if you do that, you collect

286

00:56:12.500 --> 00:56:22.310

Himanshu Raval: dollar 92, which is between 87 and 97, 1, 87, and 1 97 is 1 92.

287

00:56:22.530 --> 00:56:26.290

Himanshu Raval: So you literally collected a hundred \$92.

288

00:56:27.260 --> 00:56:32.790

Himanshu Raval: If Jane J goes below 1 50, you will be assigned at 1 50.

289

00:56:32.890 --> 00:56:34.390

Himanshu Raval: So you just bought

290

00:56:34.730 --> 00:56:43.960

Himanshu Raval: a hundred shares of Jane J. At 1 50, minus the money that you made selling the court, so you actually bought it at a discount.

291

00:56:48.210 --> 00:56:55.180

Himanshu Raval: If Price doesn't come down to 150, your calls expire worthless, and you get to keep this dollar 92.

292

00:56:55.320 --> 00:57:01.589

Himanshu Raval: So you got 192 bucks. This expired worthless. You sell another call

293

00:57:02.210 --> 00:57:05.140

Himanshu Raval: at 1 50 again.

294

00:57:05.150 --> 00:57:11.870

Himanshu Raval: 30 days out, or 60 days out, or 90 days out of it. But aren't aren't you illustrating that with a

295

00:57:11.950 --> 00:57:15.149

Barry Goldsmith: put side of the of the screen?

296

00:57:15.720 --> 00:57:18.080

Himanshu Raval: Yes, I would, I would sell a put.

297

00:57:18.830 --> 00:57:19.510

Barry Goldsmith: Okay.

298

00:57:19.690 --> 00:57:25.279

Barry Goldsmith: you're you're saying you're selling a call. No, when you said talking about puts.

299

00:57:25.620 --> 00:57:28.380

Himanshu Raval: No, no. When I when I own the stock.

300

00:57:29.200 --> 00:57:33.530

Himanshu Raval: then against the stock, I would sell a call which would be like covered cob.

301

00:57:33.700 --> 00:57:47.550

Himanshu Raval: But if I don't own JNJ. At all. but I would love to purchase it at a significant discount than where it is at right now. Then, I would literally just sell

302

00:57:48.200 --> 00:58:02.100

Himanshu Raval: a single put. Okay. So if price comes below 1 50, the stock will be put to me. In other words, I will now own a hundred shares of J. And J. At 1 50

303

00:58:03.180 --> 00:58:03.880

Barry Goldsmith: correct.

304

00:58:04.940 --> 00:58:12.009

Himanshu Raval: But if Price doesn't come here at all, and stays at 1, 58, or 60, and keeps on going up.

305

00:58:12.950 --> 00:58:14.490

Himanshu Raval: This sold, put

306

00:58:15.700 --> 00:58:27.300

Himanshu Raval: the money that I accrued in my account by selling this one single put, which is 100 \$8,292. I get to keep that \$192

307

00:58:28.400 --> 00:58:29.120

Barry Goldsmith: correct.

308

00:58:29.410 --> 00:58:39.629

Himanshu Raval: And then, since I didn't buy this get the stock, but I am still interested in owning J. And JI will sell another put.

309

00:58:39.670 --> 00:58:47.220

Himanshu Raval: Now let's say this thing goes up to 1, 75, but I still want to buy it like let's say at maybe 1 60,

310

00:58:48.650 --> 00:58:56.129

Himanshu Raval: then I will just sell the 1 60 put, and if price comes to 1, 60, or below, I will be assigned at 1 60,

311

00:58:56.400 --> 00:59:06.619

Himanshu Raval: so I still bought it at a discount. Now, as as somebody mentioned earlier, there are times when, if you have a naked put.

312

00:59:07.550 --> 00:59:13.960

Himanshu Raval: you just might be assigned. But that's okay. Because you wanted to own the stock at 1 60 anywhere.

313

00:59:17.730 --> 00:59:19.800

Himanshu Raval: So either way, you win.

314

00:59:21.080 --> 00:59:24.029

Himanshu Raval: somebody had a question here. What happened? Oh, here it is

315

00:59:26.540 --> 00:59:39.590

Himanshu Raval: Glenn. Is that same as selling a cash secured? Put yes, a cash secured put means that you are selling a put, but if you are assigned. You have enough cash in your account

316

00:59:39.920 --> 00:59:42.389

Himanshu Raval: to own the stock

317

00:59:43.250 --> 00:59:51.129

Himanshu Raval: that is a cash secured. Put correct. So when you are selling a cash secure. Put it's a naked put.

318

00:59:52.060 --> 01:00:03.570

Himanshu Raval: but you are doing it for the express purpose of actually owning the stock in this case, Jane Jay, but if and you will own the stock if the price comes below 1 60.

319

01:00:03.770 --> 01:00:10.709

Himanshu Raval: But if Price never comes below 1 60, you just sold the put, and you get to keep all the money that you

320

01:00:11.730 --> 01:00:14.339

Himanshu Raval: got when you sold this book.

321

01:00:15.740 --> 01:00:29.850

Himanshu Raval: The problem or a minor issue is that you will still need enough money in your account. So a hundred shares of J. And J is going to cost you \$15,800. So you still need at least 50% of that in your

322

01:00:29.970 --> 01:00:31.250

Himanshu Raval: in your account.

323

01:00:31.880 --> 01:00:37.359

Himanshu Raval: If your account is like, you know, only only 500 and

324

01:00:37.600 --> 01:00:42.839

\$60, then they won't even let you sell a single quote.

325

01:00:43.170 --> 01:00:46.919

Barry Goldsmith: so so that that cash secured, put way out.

326

01:00:48.210 --> 01:00:49.770

essentially

327

01:00:49.940 --> 01:00:51.979

Barry Goldsmith: eyes up the

328

01:00:52.040 --> 01:00:55.129

Barry Goldsmith: secured money for that period of time.

329

01:00:55.520 --> 01:01:05.729

Himanshu Raval: correct until the time the contract expires up that block of money. Correct.

330

01:01:07.680 --> 01:01:15.910

Himanshu Raval: So you are tying up a certain block of money. But on that certain block of money you just made, you know, \$315,

331

01:01:16.490 --> 01:01:26.300

Himanshu Raval: and obviously the amount of money that you are tying up, you know, naked put is significantly higher. It also depends on whether

332

01:01:26.560 --> 01:01:34.290

Himanshu Raval: whether you have something called a portfolio margin account, or a regular margin account.

333

01:01:35.630 --> 01:01:42.790

Himanshu Raval: If you have a portfolio margin account, then the amount of money that gets tied up is significantly less.

334

01:01:44.990 --> 01:01:55.940

Himanshu Raval: Then a normally normal margin account in a normal margin account they will literally take away half of 1, 58, \$15,818.

335

01:01:56.350 --> 01:01:59.019

Himanshu Raval: That that is how much will be locked up

336

01:01:59.050 --> 01:02:07.340

Himanshu Raval: for just one. Put one short put. but if you have A. A portfolio margin account.

337

01:02:07.360 --> 01:02:15.880

Himanshu Raval: then it may only be one third. Of what of this? \$15,818, maybe only 5 K. Will be locked up.

338

01:02:20.500 --> 01:02:27.719

Himanshu Raval: But again, these are based on sec rules. So there's not nothing that you and I or the brokerage firm can do about it

339

01:02:30.050 --> 01:02:33.599

Himanshu Raval: unless you have, like, you know, a couple of 1 billion in there?

340

01:02:35.220 --> 01:02:36.879

Himanshu Raval: Sri has a question.

341

01:02:38.120 --> 01:02:41.080

sri p: Montreal. I.

342

01:02:41.410 --> 01:02:44.340

sri p: You mentioned the calendar.

343

01:02:44.380 --> 01:02:51.909

sri p: and if you don't do any adjustments like what you did, how much you can make in a calendar spread

344

01:02:52.500 --> 01:02:58.860

Himanshu Raval: the well depends. remember, the

345

01:02:59.710 --> 01:03:05.059

Himanshu Raval: the most worthy question is, how much can you lose?

346

01:03:05.570 --> 01:03:06.230

Oh.

347

01:03:07.200 --> 01:03:17.960

Himanshu Raval: your goal is to never lose more than 20%. At least. My goal is to never lose more than 20% of what I put into a calendar.

348

01:03:18.240 --> 01:03:22.599

Himanshu Raval: But essentially you can lose all the money that you put in there.

349

01:03:23.850 --> 01:03:38.670

Himanshu Raval: So if you put in in this case, how much did you put in in the calendar? I'm Jane Jay. If you go out 34 days, and by the 1 60 call is going to cost me

350

01:03:38.870 --> 01:03:50.270

Himanshu Raval: sorry. Sell the 1 50. Call at close to 2, 55, but buy this one at \$11 1115.



351

01:03:50.810 --> 01:03:55.440

Himanshu Raval: Then essentially, my overall cost is 11, minus 2 50.

352

01:03:56.630 --> 01:04:03.970

Himanshu Raval: So I spent 850 bucks. The worst thing that will happen to me is that I will lose 850 bucks

353

01:04:05.100 --> 01:04:10.550

sri p: in in this situation, if J and J goes down.

354

01:04:10.730 --> 01:04:13.020

sri p: To 1 40

355

01:04:13.130 --> 01:04:23.739

sri p: the premium that you have paid for 150 call for Zoom 24 will have lost most of its value. Would you agree with that?

356

01:04:24.510 --> 01:04:26.000

Himanshu Raval: Correct? Yes.

357

01:04:27.380 --> 01:04:31.229

sri p: so you would be. You would be risking the \$8 50 cents.

358

01:04:31.400 --> 01:04:39.920

sri p: and only you would be making money if if J. And J. Goes more than 150 by June 24.

359

01:04:41.510 --> 01:04:51.649

sri p: And if you're saying \$8 was the total amount you paid you would be putting a stop at 20 times is dollar 60

360

01:04:52.800 --> 01:04:54.440

Himanshu Raval: dollar 60. Yes.

361

01:04:56.440 --> 01:05:03.099

Himanshu Raval: so no, but remember, I have my short call as well, and the short call will expire more or less. It will go down to 0

362

01:05:04.540 --> 01:05:11.200

Himanshu Raval: if the price goes down. The 1 60 call that I sold at, say, 62 cents will now be 0.

363

01:05:13.540 --> 01:05:17.450

Himanshu Raval: The long call that I purchased 97 days out

364

01:05:18.490 --> 01:05:30.860

Himanshu Raval: goes from \$11 to maybe \$10, maybe \$9, depending on how much down Jen Jago's.

365

01:05:31.220 --> 01:05:38.999

Himanshu Raval: If J. And J. Goes from 1 58 to 100, then. Yes, this guy will also be completely worthless.

366

01:05:40.350 --> 01:05:46.840

Himanshu Raval: But you also have to remember one thing for JNJ. To go down by \$58 in a span of

367

01:05:47.480 --> 01:05:51.969

Himanshu Raval: 30 days. Well, it has never happened before.

368

01:05:54.670 --> 01:06:05.530

Himanshu Raval: Like, seriously. it has never happened before. It may happen to Netflix. It may happen to Google. It may happen to Amazon, but it will never happen to Johnson and Johnson.

369

01:06:09.270 --> 01:06:10.450

Himanshu Raval: Would you agree?

370

01:06:12.640 --> 01:06:17.949

sri p: Well, again, anything can happen. Yeah, 50% drop down.

371

01:06:17.960 --> 01:06:37.050

sri p: For example, Nvidia has gone up almost 100 100 50 in the last 3 months in the last 3 months, so anything can happen? How do you choose which side to be on whether it should be long side or the short side?

372

01:06:37.330 --> 01:06:42.230

Himanshu Raval: That is where technical analysis comes into the picture as I

mentioned here

373

01:06:43.030 --> 01:06:45.559

Himanshu Raval: on this bar, I would be short.

374

01:06:46.600 --> 01:06:58.090

sri p: Okay, so with that in mind, Nvidia has done the same thing right now, would you go ahead and buy the put spreads over there.

375

01:06:59.120 --> 01:07:02.469

Himanshu Raval: See? Nvidia did this 5 days ago.

376

01:07:06.490 --> 01:07:16.840

Himanshu Raval: and Nvidia has been going up so much that yeah, right now, I would like currently the prices. At 8 78 I would probably go to 8, 50

377

01:07:16.890 --> 01:07:28.749

Himanshu Raval: and buy a calendar at 8 50. So what I would do is something like this I would go to and meet. Now remember the prices that you see here today are all screwed up because this is a weekend

378

01:07:29.220 --> 01:07:38.699

Himanshu Raval: they they don't literally do anything here on the weekend. So just but assume that everything is okay. So in Nvidia I can go say 34 days out.

379

01:07:39.100 --> 01:07:42.309

Himanshu Raval: and I can say I think it is going to go down.

380

01:07:43.640 --> 01:07:56.059

Himanshu Raval: and it's going to go down quite a bit, because Nvidia never goes down a little bit or goes up a little bit, it goes like, look at this bar. It went from a high of 9 74

381

01:07:56.250 --> 01:07:58.219

Himanshu Raval: to a low of 8 61

382

01:07:58.230 --> 01:08:12.520

Himanshu Raval: just one bar in one day. So, assuming if I and I and I could be wrong, but looking at previous levels of resistance right here and support. I will say somewhere over here is

383

01:08:12.770 --> 01:08:15.050

Himanshu Raval: where it could potentially go.

384

01:08:15.720 --> 01:08:27.399

Himanshu Raval: which is close to 800. But I'm saying, you know 800 is too far away from 878. So I'll go to another number that ends in a 0, which is 850. So on a day like yesterday

385

01:08:28.130 --> 01:08:35.720

Himanshu Raval: or on Monday morning, which is, tomorrow, I would buy what was it? 8

386

01:08:36.020 --> 01:08:40.960

sri p: 50? You said so I would go to 8, 50,

387

01:08:42.510 --> 01:08:46.549

Himanshu Raval: and I would buy a calendar.

388

01:08:49.340 --> 01:09:01.380

Himanshu Raval: and if I were to buy just one calendar. So I'm selling the nineteenth April call. But now I am buying, let's say the fifteenth November call.

389

01:09:01.939 --> 01:09:06.260

Himanshu Raval: and this will cost me 100 bucks.

390

01:09:07.770 --> 01:09:09.810

Himanshu Raval: so this will cost me 10 grand

391

01:09:10.439 --> 01:09:12.980

Himanshu Raval: to control a hundred shares of N. Media.

392

01:09:13.160 --> 01:09:23.239

Himanshu Raval: If I were to buy a hundred shares of an media. It would cost me 87,836 bucks instead. I am doing it for

393

01:09:23.580 --> 01:09:24.530

Himanshu Raval: 10 K.

394

01:09:26.790 --> 01:09:34.949

Himanshu Raval: So now let us suppose Nvidia does not come down. or it comes down a little bit and then takes off again to the upside.

395

01:09:35.779 --> 01:09:39.080

This is where we analyze the stock.

396

01:09:39.560 --> 01:09:44.269

Himanshu Raval: So when you analyze and media and you look at

397

01:09:47.510 --> 01:09:52.410

Himanshu Raval: our existing store, it was Nvidia, wasn't it? What happened? Yes.

398

01:09:56.050 --> 01:10:00.090

Himanshu Raval: 4, 13 is

399

01:10:07.930 --> 01:10:10.290

Himanshu Raval: I didn't place the trade yet

400

01:10:16.410 --> 01:10:21.149

Himanshu Raval: analyze trade. So now I have this

401

01:10:25.760 --> 01:10:26.700

Himanshu Raval: position.

402

01:10:30.190 --> 01:10:34.570

Himanshu Raval: and now I'll go to the risk profile of Nvidia.

403

01:10:35.610 --> 01:10:38.120

Himanshu Raval: And what this tells me is this.

404

01:10:42.360 --> 01:10:49.559

Himanshu Raval: If it moves up and continues to move up, I will make money for a certain time.

405

01:10:49.700 --> 01:10:59.640

Himanshu Raval: but after it hits 9 15.5 3 I will start losing money slowly again. This is an approximation, not

406

01:10:59.880 --> 01:11:01.920

Himanshu Raval: written in stone.

407

01:11:02.560 --> 01:11:15.910

Himanshu Raval: The other thing is that if it goes down instead of up, then I will make start losing money once it goes below the 0 line. This purple line goes below the 0 line here.

408

01:11:18.170 --> 01:11:27.200

Himanshu Raval: But this is not taking into account. The theta. Remember the short call. the one that is going to expire in the next 30 days.

409

01:11:28.920 --> 01:11:33.929

Himanshu Raval: He's the he's the call that

410

01:11:34.610 --> 01:11:40.369

sri p: your position is a short hook, isn't it? Or is old? Call a short call? Yes.

411

01:11:40.770 --> 01:11:42.619

Himanshu Raval: I can have done a put as well.

412

01:11:42.760 --> 01:11:46.209

sri p: but because 8 50 is below 8 78.

413

01:11:46.660 --> 01:12:06.549

Himanshu Raval: I thought you were suspecting that the Nvidia is going to go down, and that's yes, that's what I'm saying that with a calendar it doesn't matter whether you use calls or puts as long as my calendar. The price, the strike price of my calendar is below the current price of the actual underlying stock itself.

414

01:12:06.980 --> 01:12:11.250

Himanshu Raval: My delta will always be negative, whether it's a call or a put.

415

01:12:12.910 --> 01:12:18.189

Himanshu Raval: The only problem, the only, not problem. The only thing that I would consider is that

416

01:12:18.270 --> 01:12:26.239

Himanshu Raval: with a call it's going to cost me \$99 and 90 cents. Let's see how

much it Co. Cost me with a put.

417

01:12:27.450 --> 01:12:32.879

Himanshu Raval: it's only going to cost me \$76. So now, instead of risking

418

01:12:33.300 --> 01:12:43.399

Himanshu Raval: 9,900 bucks, I am risking only 7,675 bucks, so I now reduce my overall cost even lower

419

01:12:44.060 --> 01:12:45.670

Himanshu Raval: by a significant amount.

420

01:12:49.630 --> 01:13:00.919

Himanshu Raval: Richard also has a question you haven't talked about the implied wall of the options in the spread. Do you factor this in when purchasing the calendar spread? Yes, I do.

421

01:13:01.460 --> 01:13:06.100

Himanshu Raval: If you, when something keeps on going up

422

01:13:07.100 --> 01:13:09.849

Himanshu Raval: the IV. Will go down.

423

01:13:10.810 --> 01:13:25.290

Himanshu Raval: Then, when you see a bar like this. that is, as I said, the perfect time to buy a calendar somewhere over here. You always buy a calendar when the Iv. Is very low or as low as possible.

424

01:13:27.880 --> 01:13:30.320

Himanshu Raval: You always sell

425

01:13:30.630 --> 01:13:36.970

Himanshu Raval: options, or you know whatever iron condors or iron butterflies, or all those things.

426

01:13:37.110 --> 01:13:40.330

Himanshu Raval: when the ivy is very, very high.

427

01:13:42.070 --> 01:13:56.410

Himanshu Raval: so generally, if you look at the vix, which is giving us the overall implied vols of the Spx. See, somewhere over here, when Iv was a 21, I was busy selling

428

01:13:56.480 --> 01:13:57.810

Himanshu Raval: put spreads.

429

01:14:00.180 --> 01:14:08.370

Himanshu Raval: put credit spreads when the IV. Comes all the way down here. This is when I am busy buying

430

01:14:08.480 --> 01:14:09.970

Himanshu Raval: call calendars

431

01:14:13.680 --> 01:14:16.150

Himanshu Raval: or put calendars doesn't really matter.

432

01:14:17.020 --> 01:14:23.360

Himanshu Raval: I just prefer call calendars, because that way. I know that I am bullish. but I have done put calendars as well.

433

01:14:24.690 --> 01:14:26.180

Himanshu Raval: In fact.

434

01:14:26.650 --> 01:14:33.029

Himanshu Raval: for 6 years I traded, only Ibm nothing but Ibm, and all I did was, Ibm put calendars

435

01:14:43.590 --> 01:14:46.439

Himanshu Raval: 3. Did I make sense?

436

01:14:49.730 --> 01:14:53.939

sri p: Yeah, the hard part is to know which way it is going to move.

437

01:14:54.540 --> 01:14:57.090

Himanshu Raval: And that is where technical analysis comes in.

438

01:14:58.320 --> 01:15:08.209

Himanshu Raval: And like fundamental analysis, even technical analysis is not a how



should I say a written in stone kind of strategy, but

439

01:15:10.150 --> 01:15:17.529

Himanshu Raval: especially with options, you know, even if you are right, 50% of the time. And if you are really good with your risk management.

440

01:15:18.980 --> 01:15:28.550

Himanshu Raval: that 50%. Of the time that you double the money that you put in the trade, and the remaining 50%. Of the time when you got out. When you lost

441

01:15:29.050 --> 01:15:31.329

Himanshu Raval: 20% of the money that you put in

442

01:15:32.770 --> 01:15:34.280

Himanshu Raval: by the end of the year.

443

01:15:34.420 --> 01:15:38.059

Himanshu Raval: you are still ahead significantly ahead in most cases.

444

01:15:40.600 --> 01:15:48.640

Himanshu Raval: and that is only if you are buying straight calls and puts if you are buying. If you are buying calendars, a double calendar or a triple calendar.

445

01:15:48.990 --> 01:15:58.419

Himanshu Raval: It's like a covered call, you know, if you had Amazon or whatever stop that we were talking about earlier, Netflix, or whatever.

446

01:15:58.680 --> 01:16:01.790

Himanshu Raval: if you like the stock, which is why you bought it

447

01:16:01.930 --> 01:16:09.780

Himanshu Raval: as an investment. Then, you know you keep on selling calls covered calls against it. But even there. Things could go South

448

01:16:10.220 --> 01:16:27.610

Himanshu Raval: right, because I remember a lot of my friends, students, colleagues. loud paypal they were like, there is no way Paypal is ever going to lose money like literally, they are like, Oh, how can Paypal even lose money ever

449

01:16:28.220 --> 01:16:42.020

Himanshu Raval: it was at 3, 10 went all the way down to 67 went all the way down to 50, and right now is still at

450

01:16:44.400 --> 01:16:45.350

6,

451

01:16:45.740 --> 01:16:49.029

Himanshu Raval: \$59 and 16 cents

452

01:16:49.200 --> 01:16:49.900

a.

453

01:16:50.720 --> 01:16:56.579

Himanshu Raval: So yeah, something like this will also happen. But now, if you add calendars in Paypal.

454

01:16:57.590 --> 01:17:09.159

Himanshu Raval: you don't have to. You know you. You either made money or lost money 20 of whatever you put in. But if you bought a thousand shares of Paypal over here, you are

455

01:17:10.950 --> 01:17:13.809

Himanshu Raval: having daily fights with your other half.

456

01:17:23.700 --> 01:17:24.560

Himanshu Raval: So

457

01:17:26.320 --> 01:17:27.779

Himanshu Raval: with options.

458

01:17:27.870 --> 01:17:31.899

Himanshu Raval: you are by default, risking a lot less

459

01:17:33.330 --> 01:17:34.990

Himanshu Raval: right? There

460

01:17:37.470 --> 01:17:44.200

Himanshu Raval: is one of the best reasons why to get into options and only options.

461

01:17:45.650 --> 01:17:49.380

Himanshu Raval: Number 2 like a covered call.

462

01:17:51.010 --> 01:18:04.690

Himanshu Raval: But you are selling options against your stock. It'll take you a long, long time to make up the money that you spent if you spent, you know, 3, 31 grand

463

01:18:05.130 --> 01:18:14.319

Himanshu Raval: as Paypal went down the option. The call options literally got reduced in value so much that right now, if you make 50 cents.

464

01:18:15.890 --> 01:18:23.199

Himanshu Raval: this is Paypal. Even if you were to go out 34 days and sell the slightly out of the money call.

465

01:18:23.220 --> 01:18:31.259

Himanshu Raval: Set 62. So let's say we sell the 65, we get a dollar \$83. Let's just say, dollar 85.

466

01:18:34.060 --> 01:18:40.979

Himanshu Raval: So yeah, you can make 185 bucks every month. How long do you think it's going to take you to recover

467

01:18:42.140 --> 01:18:45.580

Himanshu Raval: the money that you spend here?

468

01:18:48.470 --> 01:18:58.460

Himanshu Raval: Unless, of course, you just like Paypal so much, and you believe you that Paypal is eventually going to go back to? You know, wherever it was before, or

469

01:18:58.590 --> 01:19:01.230

Himanshu Raval: that it is giving out

470

01:19:02.230 --> 01:19:06.049

Himanshu Raval: hefty dividends? Is it? Does it even give out dividends.

471

01:19:06.590 --> 01:19:09.719

Himanshu Raval: earnings no dividends.

472

01:19:10.900 --> 01:19:18.710

Himanshu Raval: See? Earnings were so good estimated was 91 cents, and actual was dollar 30.

473

01:19:19.070 --> 01:19:30.000

Himanshu Raval: It just moved up a little bit, and now is still waffling around again. As I said, it may go up, but you will have to wait a long time.

474

01:19:30.250 --> 01:19:31.590

Himanshu Raval: Sell.

475

01:19:32.020 --> 01:19:39.489

Himanshu Raval: you know, a few 1,000 weeks of covered calls to recover the money that you have spent on the stock.

476

01:19:42.630 --> 01:19:54.109

Himanshu Raval: Richard has a question. Do I see opportunities within a calendar spread where the implied wall for the short call is misprice, of course. Yeah, that is the ultimate. That is like the icing on the cake.

477

01:19:54.400 --> 01:19:59.230

Himanshu Raval: and you will see that happens a lot when earnings are coming out

478

01:20:01.550 --> 01:20:12.109

Himanshu Raval: so literally a lot of times. What I do is adobe just had earnings recently. So it's too late. Oh, it was this is a weekly chart. Sorry

479

01:20:12.790 --> 01:20:16.020

Himanshu Raval: I don't. We had earnings on Friday

480

01:20:17.550 --> 01:20:19.179

Himanshu Raval: on 3 14,

481

01:20:21.430 --> 01:20:27.379

Himanshu Raval: when earnings are going to come out, the Iv will jack up the prices of

482

01:20:27.720 --> 01:20:31.030

Himanshu Raval: the options, both calls inputs.

483

01:20:32.020 --> 01:20:35.940

Himanshu Raval: So when prices are going up.

484

01:20:41.130 --> 01:20:47.809

Himanshu Raval: And again, that depends on what you want to do. As prices are going up somewhere over here, I will sell an out of the money call

485

01:20:49.330 --> 01:20:56.410

Himanshu Raval: expiring maybe a day or 2 after earnings as prices went down.

486

01:20:57.060 --> 01:20:59.290

Himanshu Raval: I am now selling a put

487

01:20:59.350 --> 01:21:02.570

Himanshu Raval: expiring on the day of earnings.

488

01:21:04.220 --> 01:21:08.400

Himanshu Raval: and literally all that money that I accrued.

489

01:21:08.650 --> 01:21:12.489

Himanshu Raval: or the price of this literally goes down to 0 at

490

01:21:13.320 --> 01:21:23.979

Himanshu Raval: 4 pm. On a Friday, and your short call and your short put also go down to 0, and you get to keep the money that you

491

01:21:24.040 --> 01:21:26.120

Himanshu Raval: you sold it at.

492

01:21:27.320 --> 01:21:41.210

Himanshu Raval: That is one way the other way. If you don't like to worry too much about short calls and short puts because you could get assigned literally a month or more than a month out. What you do is

493

01:21:42.700 --> 01:21:45.620

Himanshu Raval: you will on on

494

01:21:45.640 --> 01:21:49.550

Himanshu Raval: when you have a few days like this, when the market goes up.

495

01:21:49.940 --> 01:21:57.499

Himanshu Raval: the Iv. Goes down. When the Iv. Goes down, the price of calls and puts both are cheaper.

496

01:21:57.790 --> 01:22:03.400

Himanshu Raval: So after days like this, what I would do is literally

497

01:22:03.460 --> 01:22:05.129

Himanshu Raval: buy a call

498

01:22:06.550 --> 01:22:11.670

Himanshu Raval: after days. or or buy a call here and put over here.

499

01:22:14.240 --> 01:22:18.900

Himanshu Raval: and the best part is that my put kept on making me money.

500

01:22:19.470 --> 01:22:27.180

Himanshu Raval: The single individual long put kept on making me money, so I converted my long call into a call calendar.

501

01:22:27.940 --> 01:22:36.690

Himanshu Raval: I keep on selling calls against my long call. I leave my put as it is, and my put literally just triple, quadrupled in value.

502

01:22:37.400 --> 01:22:46.209

Himanshu Raval: So I made money on the put side, and I kept on decreasing my loss on the call side by selling calls against my long call.

503

01:22:48.050 --> 01:22:51.860

Himanshu Raval: And I keep on doing that forever.

504

01:22:54.080 --> 01:22:56.560

Himanshu Raval: Did did that make sense? By the way.

505

01:22:58.400 --> 01:22:59.430  
Himanshu Raval: Richard.

506  
01:23:15.010 --> 01:23:16.050  
Himanshu Raval: okay.

507  
01:23:18.960 --> 01:23:21.949  
Himanshu Raval: here are some work. Oh, this is

508  
01:23:23.280 --> 01:23:24.030  
Himanshu Raval: okay.

509  
01:23:27.460 --> 01:23:28.120  
Himanshu Raval: E,

510  
01:23:28.680 --> 01:23:41.409  
Himanshu Raval: and yeah, I had all these questions when I started doing this long, long, long, long, long time ago as well, because but first of all, I didn't even know what options, where once I figured out what they were. I'm like, well, but what if?

511  
01:23:42.660 --> 01:23:44.920  
Himanshu Raval: What if? What if? What if you know

512  
01:23:47.190 --> 01:23:49.720  
Himanshu Raval: you know as an engineer.

513  
01:23:49.920 --> 01:23:51.850  
Himanshu Raval: I'm also an Indian. By the way.

514  
01:23:53.550 --> 01:24:00.139  
Himanshu Raval: we are taught to think 50 times before we do anything. Remember

515  
01:24:04.030 --> 01:24:13.959  
Himanshu Raval: Richard has another question does open interest inform you? Yes, it does, indeed. It does so. For example, if I go to

516  
01:24:14.120 --> 01:24:22.990  
Himanshu Raval: a trade grade. and if I find something that has lousy open interest

517

01:24:24.940 --> 01:24:31.820

Himanshu Raval: like, for example, I don't even know whether, like, let's say, look at Onon. Oh, no, this is. This is a lot

518

01:24:32.090 --> 01:24:40.869

Himanshu Raval: this is micro strategy. This phone also is a lot. So for example, here, this is volume, this is open interest.

519

01:24:41.080 --> 01:24:48.609

Himanshu Raval: because there is not too much volume or open interest at these strikes.

520

01:24:49.410 --> 01:24:57.900

Himanshu Raval: This is the strike that I won't have my calendar set. Well, of course we are too far away. And so let's just look at 1782.

521

01:24:58.530 --> 01:25:03.359

Himanshu Raval: So prices between here and here. This is microstrategy.

522

01:25:03.410 --> 01:25:07.630

Himanshu Raval: That's the stock price is between 1780 and 1790.

523

01:25:07.690 --> 01:25:09.750

Himanshu Raval: But look at the

524

01:25:09.930 --> 01:25:19.390

Himanshu Raval: the open interest. 7 and 3 only. But look at it! At 1,800. Strike has got the open interest of 254.

525

01:25:21.040 --> 01:25:37.889

Himanshu Raval: By the way, this is another way that you can sort of deduce which way this guy is going to go. In the next 34 days there is almost a 90% chance that microstrategy will be at 1,800,

526

01:25:39.810 --> 01:25:46.680

Himanshu Raval: just because the number of calls and puts here exceed sorry the not the call center number of

527



01:25:46.970 --> 01:25:52.510

Himanshu Raval: The amount of volume and open interest literally exceeds everything else by

528

01:25:52.680 --> 01:25:56.450

Himanshu Raval: by a multiple of 5 more than 5.

529

01:25:59.170 --> 01:26:05.480

Himanshu Raval: This is telling us that microstrategy is about to go up, at least in the next 34 days.

530

01:26:06.110 --> 01:26:10.240

Himanshu Raval: If you look at something like, say, I don't know. Cmg.

531

01:26:10.890 --> 01:26:17.470

Himanshu Raval: which is chipotle here, 34 days out. Everything is more or less constant.

532

01:26:18.590 --> 01:26:26.100

Himanshu Raval: and yet 2, 7, 5, 0 has the highest open interest on this side. and on the put side.

533

01:26:27.270 --> 01:26:33.920

Himanshu Raval: it is also a 2, 7, 5 0. So in the next 30 days I would not be too surprised if

534

01:26:34.470 --> 01:26:37.109

Himanshu Raval: Cmg. Is down by \$6

535

01:26:38.120 --> 01:26:39.939

Himanshu Raval: at least on nineteenth April.

536

01:26:43.420 --> 01:26:47.519

Himanshu Raval: and normally to answer your earlier question about implied walls.

537

01:26:49.320 --> 01:26:59.819

Himanshu Raval: There are 2 ways of looking at it. One, the standard calendar is to do it, to do the calendar when the employed walls are as low as possible.

538

01:27:00.080 --> 01:27:02.830

Himanshu Raval: because when you place a calendar, when you.

539

01:27:03.540 --> 01:27:12.210

Himanshu Raval: the vega of the currency here I'm showing Delta and Theta only, but there are 2 more Greeks.

540

01:27:12.540 --> 01:27:14.690

Himanshu Raval: one is Gamma, and one is

541

01:27:15.610 --> 01:27:16.630

Vega.

542

01:27:17.020 --> 01:27:26.149

Himanshu Raval: So for a calendar the Vega will always be positive. If you buy a single call or a single put. the vega will always be positive.

543

01:27:28.240 --> 01:27:34.620

Himanshu Raval: but Vega is dealing with the Iv. And the Iv goes up when the market drops.

544

01:27:35.750 --> 01:27:51.440

Himanshu Raval: which is why, if you have, if you just buy a call and and Nvidia drops hard. the call doesn't get hurt too badly. It still gets hurt, but not as much as it would have if the Iv. Had not gone up.

545

01:27:56.380 --> 01:27:57.760

Himanshu Raval: Did that make sense.

546

01:28:00.990 --> 01:28:02.010

Himanshu Raval: Richard.

547

01:28:15.750 --> 01:28:17.550

Himanshu Raval: you guys are still here, right?

548

01:28:19.280 --> 01:28:21.830

Barry Goldsmith: He he probably doesn't know how to unmute.

549

01:28:23.250 --> 01:28:24.540

Himanshu Raval: Oh, okay.

550

01:28:30.060 --> 01:28:40.989

Himanshu Raval: anyway. So again, as I said, it's not that I only do calendars. I just like calendars because it is very close to the covered call strategy. It is a long term trade where I don't have to.

551

01:28:41.400 --> 01:28:48.839

Himanshu Raval: Look at the price chart on a you know, hourly basis. so to speak.

552

01:28:50.540 --> 01:28:52.089

Himanshu Raval: Okay, here's another question.

553

01:28:53.250 --> 01:29:02.320

Himanshu Raval: Does market Delta edging affect your decisions. Well, in this case, in my own trading I am the market major

554

01:29:02.630 --> 01:29:07.299

Himanshu Raval: with my own. So I do. My own Delta hedging.

555

01:29:07.430 --> 01:29:12.200

Himanshu Raval: depending on depending once again on technical analysis.

556

01:29:12.240 --> 01:29:17.249

Himanshu Raval: If I believe that the market is going to take off to the upside

557

01:29:17.420 --> 01:29:18.979

Himanshu Raval: like, look at this.

558

01:29:19.140 --> 01:29:28.880

Himanshu Raval: Cmg has literally gone up from 1850 to 2775 in. Under 6 months.

559

01:29:32.600 --> 01:29:43.750

Himanshu Raval: But usually, when things like this happen. most people tend to freak out like, Oh, my God, I just bought. And usually also, what happens is that a lot of people just bought it here

560

01:29:45.630 --> 01:30:00.600

Himanshu Raval: they see this. and they are like, Oh, my God, I really need to get

on this train. so they buy it here. and then at 2, 3, 2, 2, and then it goes down to 2, 2 0 5, and they panic.

561

01:30:01.200 --> 01:30:06.120

Himanshu Raval: This is where they are selling. But guess who is buying here? The big boys are buying here.

562

01:30:10.440 --> 01:30:19.889

Himanshu Raval: So. as I said, in my case I am the market maker. So essentially. If I own a long call in CMG.

563

01:30:20.480 --> 01:30:27.859

Himanshu Raval: I will do everything to mitigate the Delta. If my delta is 90, I will bring it down to 9.

564

01:30:30.490 --> 01:30:37.109

Himanshu Raval: If my delta is minus 90, I will bring it up to minus 9, just to give you a very simple example.

565

01:30:38.320 --> 01:30:54.470

Himanshu Raval: Hitish has a question as well. For calendar spreads. Do you choose high volatility stocks? Yes, I do. But I enter the calendar spread during a time of low volatility.

566

01:30:55.110 --> 01:31:09.629

Himanshu Raval: If that makes any sense. hey? Can you use options on etfs? Yes, you can. If the Etf has your. In fact, I trade spy a lot. I love creating spy the Qq. Queues

567

01:31:09.970 --> 01:31:13.119

Himanshu Raval: NDIW. M.

568

01:31:15.210 --> 01:31:18.090

Himanshu Raval: And by lot I mean a lot.

569

01:31:19.310 --> 01:31:31.260

Himanshu Raval: I mean, I always have calendars on in spy Iwm, and the queues as well as in SPX. And ndx. but not the rut.

570

01:31:31.790 --> 01:31:45.639

Himanshu Raval: mainly because in the rut I just don't get filled on time. Sometimes my trade just sits there for like 2, 3 days. by which point in time the Russell has already moved up and down by 2030 points.

571

01:31:46.310 --> 01:31:50.629

Himanshu Raval: so I just stopped dealing with rot completely. But

572

01:31:50.660 --> 01:31:53.889

Himanshu Raval: ndx, Spx a lot

573

01:31:54.390 --> 01:31:58.870

Himanshu Raval: spy and the queues a lot.

574

01:31:59.180 --> 01:32:14.210

Himanshu Raval: and major stocks like I used to trade Amazon a lot when it was at 4 grand. But now it's down to like when it went to 100 after that 24, one stock split. I was like, this is not much fun anymore, but I do Costco a lot.

575

01:32:16.790 --> 01:32:18.230

Himanshu Raval: Msdr.

576

01:32:20.450 --> 01:32:23.330

Himanshu Raval: And Smci.

577

01:32:28.170 --> 01:32:37.960

Himanshu Raval: Somehow I never got into Tesla. I know most of you are on the West coast, and you all love Tesla. but

578

01:32:39.550 --> 01:32:52.720

Himanshu Raval: but every now and then, when I look at the chart of Teslan I'll see a red bar high. I'm like, yep, that's like going to go down. I put 30, 40 days out and then walk away

579

01:32:52.740 --> 01:32:59.210

Himanshu Raval: like on on a day like this. I would II did buy a put. Probably this was last year, was it? Yes.

580

01:33:00.270 --> 01:33:09.340

Himanshu Raval: I did buy a put, but because it went up instead of down. I sold a put against it and converted the single put into a calendar.

581

01:33:10.510 --> 01:33:16.460

Himanshu Raval: and then I got another red bar high, so I thought it was going to come down. but it didn't.

582

01:33:16.560 --> 01:33:19.090

Himanshu Raval: It went up. So I

583

01:33:20.190 --> 01:33:26.130

Himanshu Raval: have 2 calendars now and then it really came down quite a bit.

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01:33:27.200 --> 01:33:41.680

Himanshu Raval: Then it went up again. I kept on adjusting and rolling it forward, made money on this side. and then, when I saw this. especially on the day of earnings itself, I'm like, okay. Now, this guy's going to go down, and, as you can see.

585

01:33:41.810 --> 01:33:45.089

Himanshu Raval: it went from 2 90 to a low of 2 12.

586

01:33:46.540 --> 01:33:55.360

Himanshu Raval: This is a red bar high. It went from 2 73 to 2, 34 went back up a little bit.

587

01:33:56.750 --> 01:34:00.659

Himanshu Raval: and these are the zones, the support and resistance zones.

588

01:34:01.140 --> 01:34:12.089

Himanshu Raval: It hit resistance. The top of the Resistance band came all the way down to a previous level of resistance which is now working as support back to the resistance zone

589

01:34:12.370 --> 01:34:17.289

Himanshu Raval: back to the support zone. And you can just keep on doing this all the time.

590

01:34:21.130 --> 01:34:28.210

Himanshu Raval: Once it it comes here by put. once it reaches here, sell the put at a profit, and buy a call.

591

01:34:29.900 --> 01:34:32.209

Himanshu Raval: and then it goes up, sell the call

592

01:34:32.670 --> 01:34:33.839

Himanshu Raval: and buy a put.

593

01:34:34.840 --> 01:34:36.700

Himanshu Raval: and you can just keep on doing this.

594

01:34:38.080 --> 01:34:42.140

Himanshu Raval: I know people who do this in.

595

01:34:42.230 --> 01:34:45.580

Himanshu Raval: They they literally do it in futures

596

01:34:47.880 --> 01:35:02.840

Himanshu Raval: on the crude oil futures. Every time they see a red bar high they are short and they are out literally 2 days later. Remember each point 1 point here. If it goes from

597

01:35:03.930 --> 01:35:06.939

Himanshu Raval: from 81 to 80, you just made 50 bucks.

598

01:35:08.960 --> 01:35:13.530

Himanshu Raval: because this is, you know. a future, not a stock.

599

01:35:17.880 --> 01:35:23.769

Himanshu Raval: and you just keep on doing this. You literally don't need to have a fif 50 different strategies.

600

01:35:24.240 --> 01:35:26.539

Himanshu Raval: just if you just stick to one or 2.

601

01:35:28.360 --> 01:35:40.079

Himanshu Raval: So again, itesh I do choose high wall stocks, but I will place a calendar when the walls of the same stocks are significantly lower.

602

01:35:40.290 --> 01:35:43.620

Himanshu Raval: Then they were a month or 2 ago.

603

01:35:45.220 --> 01:35:52.169

Himanshu Raval: If that makes any sense. Oh, Richard has a the best question so far.

604

01:35:52.460 --> 01:35:56.260

Himanshu Raval: Can you talk about how much time you spend on selecting a trade?

605

01:35:56.310 --> 01:36:02.189

Himanshu Raval: How do you deal with analysis? Paralysis? Okay, step number one

606

01:36:02.290 --> 01:36:07.399

Himanshu Raval: to deal with analysis. Paralysis. I trade only 5 under lines. That's it.

607

01:36:07.850 --> 01:36:16.009

Himanshu Raval: I don't trade the entire S. And p. 500. I trade only 5 under runs. That's it.

608

01:36:19.350 --> 01:36:33.290

Himanshu Raval: So when those 5 are all the way up here. The Iv is low, and so I put on a calendar. When these 5 or one of these 5, or any, all these fives are all the way down here after a huge down move.

609

01:36:36.500 --> 01:36:45.910

Himanshu Raval: This is where my calendars are making me money, so I'm by the time it reaches here I'm out of my calendars by.

610

01:36:46.590 --> 01:36:49.840

Himanshu Raval: and I have made my 1015, 2030%

611

01:36:50.220 --> 01:36:52.870

Himanshu Raval: on all my calendars.

612

01:36:55.680 --> 01:37:09.620

Himanshu Raval: But if you, as I said, if you really want a stable kind of way of life then, right now, as I just showed you, J. And J. Is one of them. In fact, right now.

613



01:37:09.770 --> 01:37:14.580

Himanshu Raval: even Amazon barely does anything

614

01:37:15.080 --> 01:37:17.610

Himanshu Raval: like literally Amazon

615

01:37:19.720 --> 01:37:27.240

Himanshu Raval: just doesn't move at all. See, this is this went up so much. The Iv. Of Amazon is significantly low.

616

01:37:30.770 --> 01:37:34.689

Himanshu Raval: So Amazon would actually make a great trade right now.

617

01:37:36.610 --> 01:37:41.320

Himanshu Raval: It's at 1, 74, you go out 34 days. Look! It's at 27,

618

01:37:42.330 --> 01:37:51.310

Himanshu Raval: 6 days out. The ivy is 30, then 28, then 2727.2 7 2750, and then it goes back to 35.

619

01:37:51.720 --> 01:37:54.450

Himanshu Raval: Why does it go back to 35 in April.

620

01:37:56.630 --> 01:38:00.619

Himanshu Raval: the twenty-sixth of April? Because that's when earnings are coming up.

621

01:38:05.710 --> 01:38:14.379

Himanshu Raval: and you will see this in every stock whenever earnings are coming out, the so in January, in April, in July.

622

01:38:14.590 --> 01:38:20.309

Himanshu Raval: and in October, the ivs of some of these big firms will be like

623

01:38:20.960 --> 01:38:25.860

Himanshu Raval: like Tesla Little. The ivy is lit. Sometimes the ivy is like 126%.

624

01:38:27.590 --> 01:38:29.570

Himanshu Raval: And it's like, How is this possible?

625

01:38:29.610 --> 01:38:31.140

Himanshu Raval: Right?

626

01:38:33.980 --> 01:38:39.480

Himanshu Raval: In fact, let me show you if this come on still waiting for data.

627

01:38:40.630 --> 01:38:48.449

Himanshu Raval: Okay, here you go. Look. In April. The ivy of Tesla is at 59.4, 2%.

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01:38:50.020 --> 01:38:54.140

Himanshu Raval: But even otherwise it's around 53, 55.

629

01:38:55.150 --> 01:39:07.400

Himanshu Raval: So that is why this guy does not lend itself very well to calendars. But again. As I said, if you look at, say, Macdonalds. look at the IV.

630

01:39:07.530 --> 01:39:12.040

Himanshu Raval: 19%. Expiring 6 days, 12 days out, 20%.

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01:39:12.520 --> 01:39:20.150

Himanshu Raval: Even if you look at April when earnings are coming out, it goes from 16.8 1 to 18.1 7.

632

01:39:22.360 --> 01:39:35.709

Himanshu Raval: You know that Mcdonald's well, I was about to say. You know that Mcdonald's won't kill you, but that's wrong. If you go and eat that every day it will kill you. But if you trade Mcdonald's you will never get killed

633

01:39:37.090 --> 01:39:39.750

Himanshu Raval: because it doesn't move around too much.

634

01:39:44.380 --> 01:39:50.090

Himanshu Raval: So it looks like a huge move. But it's only if this is only a 50 point move. Oh! And again, also remember.

635

01:39:50.520 --> 01:39:53.979

Himanshu Raval: with all the shit that is going on out there

636

01:39:55.200 --> 01:40:05.910

Himanshu Raval: with with Ukraine and Russia, and all the other stuff with all the other shit that is going on right here

637

01:40:06.160 --> 01:40:12.069

Himanshu Raval: in DC. And Florida. And you know, plus

638

01:40:12.700 --> 01:40:16.900

Himanshu Raval: This is also a election year.

639

01:40:18.130 --> 01:40:20.519

Himanshu Raval: The market tends to

640

01:40:21.760 --> 01:40:27.309

Himanshu Raval: have a 4 year cycle as well, just like we do with our elections.

641

01:40:28.380 --> 01:40:29.550

Himanshu Raval: So

642

01:40:31.360 --> 01:40:34.640

Himanshu Raval: if you look at all these various

643

01:40:36.650 --> 01:40:46.600

Himanshu Raval: reasons or factors as to why the market is behaving the way does. You can get a pretty general idea of when it's going to go up, and when it's going to tank.

644

01:40:51.730 --> 01:40:58.759

Himanshu Raval: Oh, I remember now why, I'm getting some weird number like, see this, says E. Mini. Smp is not applicable.

645

01:40:59.100 --> 01:41:03.579

Himanshu Raval: I think this weekend. I am going to be migrated to

646

01:41:04.040 --> 01:41:09.489

Himanshu Raval: to this other from Tinkerswin to Charles Schwab.

647

01:41:10.870 --> 01:41:14.030

Himanshu Raval: So whatever we see here is all ship.

648

01:41:18.080 --> 01:41:25.490

Himanshu Raval: So Barry has a question until the edited. You're gonna have wall field on the upper right hand. Correct?

649

01:41:25.770 --> 01:41:30.689

Himanshu Raval: And they'll be different. Which one is the right one. I look at the ones

650

01:41:31.170 --> 01:41:34.199

Himanshu Raval: that show up here.

651

01:41:37.640 --> 01:41:39.940

Himanshu Raval: I treat a number

652

01:41:42.280 --> 01:41:45.010

Himanshu Raval: as an engineer, you know, numbers matter

653

01:41:47.150 --> 01:41:48.699

Himanshu Raval: as an artist

654

01:41:49.770 --> 01:41:51.129

Himanshu Raval: the chart matters.

655

01:41:52.880 --> 01:41:58.510

Himanshu Raval: but normally, when prices. You see the price going up. The walls are low.

656

01:41:59.060 --> 01:42:03.340

Himanshu Raval: When you see huge moves like this, the walls go through the roof.

657

01:42:05.520 --> 01:42:08.849

Himanshu Raval: But what you really need to do if you are.

658

01:42:09.390 --> 01:42:17.380

Himanshu Raval: If if you are, let's say if you are an engineer, suppose, then, what you would do is that every single day

659

01:42:19.340 --> 01:42:22.020

Himanshu Raval: you look at Mcdonald's 30 days out.

660

01:42:23.230 --> 01:42:34.890

Himanshu Raval: and if the number is, you know, between 14 and 17, you are like, okay, it's low, low. No, no, no, no, the minute it goes to 20 you are like up. Something is about to happen.

661

01:42:37.470 --> 01:42:42.309

Himanshu Raval: A long, long time ago, when I was learning all this stuff up. I used to have

662

01:42:42.900 --> 01:42:57.680

Himanshu Raval: a spread sheet where I would write down the IV of these stocks, and that was a time when I was not really. I was trying to branch out of IBM. Into other stocks, so I did not know which stocks to go to.

663

01:42:58.510 --> 01:43:08.199

Himanshu Raval: and I was specifically told by my, the guy who taught me that I really and truly should not be trading 20 different stocks

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01:43:09.490 --> 01:43:13.110

Himanshu Raval: unless I have 5 6 million dollars in my account

665

01:43:16.320 --> 01:43:19.059

Himanshu Raval: cause, he said. Otherwise you will get killed

666

01:43:19.890 --> 01:43:25.689

Himanshu Raval: as somebody mentioned earlier. Barry. Talks about paralysis analysis.

667

01:43:27.690 --> 01:43:39.290

Himanshu Raval: That also happens with technical analysis in the sense that when you look at a chart some people will look at us a chart like this. Some people will look at a chart like this

668

01:43:40.960 --> 01:43:45.599

Himanshu Raval: where, you know, if you have no idea what the hell you are doing, it's like.

669

01:43:47.790 --> 01:43:53.569

Himanshu Raval: It's just a mishmash of things. Some people will then

670

01:43:53.830 --> 01:43:56.260

Himanshu Raval: also look at

671

01:43:57.580 --> 01:44:02.960

Himanshu Raval: stuff like I look at Cci a lot. In fact, this is what got me

672

01:44:03.370 --> 01:44:12.679

Himanshu Raval: a gentleman by the name of Woody's himself, Ken Woods. His name is Ken Woods. When I was learning about all these different things

673

01:44:14.170 --> 01:44:24.720

Himanshu Raval: not only was III went all in so it wasn't that I was only learning about options. I was learning about futures, and Woody's used to trade the Emailini smp

674

01:44:24.750 --> 01:44:27.599

Himanshu Raval: on a 5 min chart.

675

01:44:29.540 --> 01:44:40.800

Himanshu Raval: and he had a free room. This was in 2,004 around 2,004 when when Zoom wasn't around and

676

01:44:41.430 --> 01:44:44.080

Himanshu Raval: with nothing here. Okay, as in

677

01:44:45.120 --> 01:44:47.169

Himanshu Raval: that is how

678

01:44:49.510 --> 01:44:53.429

Himanshu Raval: he used to trade, or that is how he taught us how to trade.

679

01:44:53.870 --> 01:44:57.440

Himanshu Raval: He would have nothing here.

680

01:45:00.670 --> 01:45:12.179

Himanshu Raval: He would not even look at the chart. The chart would be completely and totally minimized on his screen. He would only be looking at the Cci, and Cci gives us

681

01:45:12.610 --> 01:45:19.850

Himanshu Raval: beautiful signals. So after I learned that from him on a 5 min chart. I said, would this work

682

01:45:20.990 --> 01:45:22.500

Himanshu Raval: on a weekly chart?

683

01:45:24.660 --> 01:45:31.620

Himanshu Raval: And I even called him up and asked him, and he said, yes, this will work on a weekly chart. It'll work on a monthly chart.

684

01:45:31.660 --> 01:45:44.099

Himanshu Raval: because this is technical analysis. and to my surprise I found out that it does work on a weekly chart as well. and a monthly chart as well. But monthly is to, you know

685

01:45:44.390 --> 01:45:48.409

Himanshu Raval: you have to be like Warren Buffett to look at a monthly chart.

686

01:45:52.300 --> 01:45:55.699

Himanshu Raval: But yeah, I look at. I mainly actually look at weekly charts.

687

01:45:55.850 --> 01:46:01.110

Himanshu Raval: Most of my trades are not something that you know. Get over in the next one or 2 weeks.

688

01:46:01.810 --> 01:46:05.650

Himanshu Raval: They normally last anywhere from 30 days to 6 months.

689

01:46:12.280 --> 01:46:17.270

Himanshu Raval: So, Richard, to get back to your question, I'll get back to you. Barry

690

01:46:17.730 --> 01:46:19.890

is.

691

01:46:20.390 --> 01:46:26.000

Himanshu Raval: once you decide on your underlying, even if you have 1020 of them.

692

01:46:26.650 --> 01:46:32.519

Himanshu Raval: After doing that, once you decide on what technical strategy you are going to use

693

01:46:32.610 --> 01:46:36.819

Himanshu Raval: then, essentially, you know, I literally do this

694

01:46:37.010 --> 01:46:46.809

Himanshu Raval: adobe. I am bearish, and I'm getting a short signal right now. On a weekly chart of adobe Amazon. No signal

695

01:46:46.840 --> 01:46:50.069

Himanshu Raval: arm whatever. This is no signal

696

01:46:50.180 --> 01:46:56.470

Himanshu Raval: Exxon short, because it's a red bar high, and this is from extreme

697

01:46:57.300 --> 01:47:04.030

Himanshu Raval: Kala. This is a very brand new company, so nothing. Cdns.

698

01:47:04.180 --> 01:47:07.220

Himanshu Raval: I am lightly short.

699

01:47:09.220 --> 01:47:16.839

Himanshu Raval: This guy no signal, this guy no signal. But I am about to get one signal in Cosco.

700

01:47:16.910 --> 01:47:18.710

Himanshu Raval: He'll probably be a Bullish one

701

01:47:19.180 --> 01:47:21.520

Himanshu Raval: crowd strike no signal.

702

01:47:21.990 --> 01:47:24.470

Himanshu Raval: Google. Oh.



703

01:47:24.580 --> 01:47:29.759

Himanshu Raval: CCC. If Cci crosses the 0 line on Monday. I'm long Google.

704

01:47:31.720 --> 01:47:40.480

Himanshu Raval: So prices at 1 41 something it goes up a little bit to say, 1 50. I'll probably put on a 1 55 call calendar.

705

01:47:42.220 --> 01:47:45.440

Himanshu Raval: or a 1 55 Bullish calendar.

706

01:47:45.990 --> 01:47:49.210

Himanshu Raval: Because in Google we can see right now.

707

01:47:49.390 --> 01:47:56.710

Himanshu Raval: the Ivs right here are significantly lower. say, normal is 34, 33,

708

01:47:57.100 --> 01:48:08.629

Himanshu Raval: 2726, 2526 to 27 to 25 to 27 is the average when earnings are not around. When earnings are going to show up.

709

01:48:08.740 --> 01:48:10.849

Himanshu Raval: it goes to the 30 S.

710

01:48:13.580 --> 01:48:31.960

Himanshu Raval: And this is what I mean by record, Kitty. If you were to keep a record of the Iv add the money Iv. Of Google Options. You would see this, and you would instinctively just know that right now would be a good time to place a calendar in Google.

711

01:48:32.410 --> 01:48:37.520

Himanshu Raval: and our meetings are coming out on twenty-sixth of April, the week of 20 sixth April.

712

01:48:41.390 --> 01:48:45.279

Himanshu Raval: If you look over. Iwm is a

713

01:48:46.730 --> 01:49:02.789

Himanshu Raval: Now here, this is Mcdonald's. Mcdonald's march. This is just 12 days

out, I said 20. But look! Even when earnings are coming out. It's not. It doesn't really go up much.

714

01:49:03.880 --> 01:49:05.859

Himanshu Raval: It's a pretty stable company.

715

01:49:06.390 --> 01:49:11.329

Himanshu Raval: It's you will get screwed with Mcdonald's, only if you eat there every day.

716

01:49:13.100 --> 01:49:16.489

Himanshu Raval: but if you trade it every day you will end up making money.

717

01:49:23.530 --> 01:49:28.529

Himanshu Raval: So Barry has a question. You can have a wall field.

718

01:49:29.210 --> 01:49:41.969

Himanshu Raval: Correct? I as I? Yeah, I did mention. I just look at this one, the one that's on the screen. If you look if you look at the put call trading part of Tdmer trade. In other words, like, if you click on one of the dated

719

01:49:42.110 --> 01:49:43.640

Barry Goldsmith: fields

720

01:49:45.450 --> 01:49:54.079

Barry Goldsmith: like this one, yeah, yeah, just click on anyone. Okay. Now, over on the right is a Vo implied volatility.

721

01:49:54.210 --> 01:49:58.799

Barry Goldsmith: but also in this trading field where you have the bid asked.

722

01:49:59.070 --> 01:50:00.779

Barry Goldsmith: You can have

723

01:50:01.250 --> 01:50:02.799

if you select

724

01:50:03.050 --> 01:50:04.620

Barry Goldsmith: one of the layouts.

725

01:50:04.670 --> 01:50:10.120

Himanshu Raval: you can have implied volatility for each one of these.

726

01:50:10.230 --> 01:50:17.369

Himanshu Raval: Yes, correct right? Right? Which one is the real implied volatility that you should be looking at.

727

01:50:17.390 --> 01:50:22.089

Himanshu Raval: As I said earlier implied, wall is a

728

01:50:22.600 --> 01:50:27.639

Himanshu Raval: is what is known as a a fuzzy calculation.

729

01:50:28.950 --> 01:50:35.669

Himanshu Raval: If you're an engineer or an IT. Guy, you know what a fuzzy field is. This is not written in stone.

730

01:50:35.860 --> 01:50:41.830

Himanshu Raval: It may say 20.3 7 here, if you go to. If you go to

731

01:50:42.140 --> 01:50:44.780

Himanshu Raval: the current, Charles Schwab platform.

732

01:50:44.790 --> 01:50:46.730

Himanshu Raval: it may show a different number.

733

01:50:46.880 --> 01:50:55.339

Himanshu Raval: If you go to fidelity may show you a different number. They will close me. They will be pretty close to 20.3 7, but it will be a different number.

734

01:50:55.490 --> 01:50:57.569

Himanshu Raval: So this is just an approximation

735

01:50:58.750 --> 01:51:04.019

Himanshu Raval: because it is an approximation. Why worry about the sizenas?

736

01:51:04.360 --> 01:51:08.419

Himanshu Raval: It is all fuzzy to begin with. So II just look at this.

737

01:51:08.570 --> 01:51:14.959

Himanshu Raval: and I say, if I'm placing a trade in Mcdonald's for the week of 28 March.

738

01:51:15.310 --> 01:51:22.239

Himanshu Raval: I'm going to look at Iv as 20.3, sir. and because this is higher than the next one.

739

01:51:24.510 --> 01:51:32.880

Himanshu Raval: This is 20, this is 18, the one that is higher is the one that you sell, and the one that is lower is the one that you buy

740

01:51:33.940 --> 01:51:35.089

Himanshu Raval: in a calendar.

741

01:51:36.830 --> 01:51:44.889

Himanshu Raval: So right now it's a 2, 82, 80 divey let me show you this.

742

01:51:48.150 --> 01:51:52.209

Himanshu Raval: So this is 12 days out, and then, if I go 34 days out.

743

01:51:56.230 --> 01:52:01.379

Himanshu Raval: prices at 2, 83, 35, 3, 55, 2, 84, 90.

744

01:52:01.950 --> 01:52:05.839

Himanshu Raval: So literally, I'll be spending only a dollar 50 on this calendar.

745

01:52:08.450 --> 01:52:15.510

Himanshu Raval: And on this side, if I look at 2 80, this is 3 bucks, and this is literally 5 50.

746

01:52:15.650 --> 01:52:26.640

Himanshu Raval: So here also, essentially, I'll be spending only 2 bucks on a calendar. And if I look at it, this literally, if I look at this as a calendar. This is 12 days out.

747

01:52:26.890 --> 01:52:29.140

Himanshu Raval: and this is

748

01:52:30.710 --> 01:52:35.090

Himanshu Raval: let's say, let's go to Twelfth April. This cost me

749

01:52:36.370 --> 01:52:41.679

Himanshu Raval: dollar 77 on the call side. If I go to the put side is going to cost me only a dollar 18.

750

01:52:42.500 --> 01:52:43.920

Barry Goldsmith: Right? Hmm.

751

01:52:45.410 --> 01:52:50.359

Himanshu Raval: And you know, making, if I make 30 cents on this trade. I made my 20,

752

01:52:51.620 --> 01:52:58.410

Himanshu Raval: and I'm out both on the in the on the call side. If I make

753

01:53:00.570 --> 01:53:05.080

Himanshu Raval: a little more than 7, 34 cents or 35 cents. I'm out.

754

01:53:08.040 --> 01:53:27.300

Himanshu Raval: See what will happen as you keep on doing this, what will happen is not that any of these things will tend to matter the most. What will really, really, if you keep a good record of what you are doing, you will realize that the thing that is killing you

755

01:53:28.850 --> 01:53:33.569

Himanshu Raval: is that when it is time to get for you to get out at

756

01:53:33.830 --> 01:53:36.609

Himanshu Raval: your predefined loss.

757

01:53:38.760 --> 01:53:40.680

Himanshu Raval: you did not get out.

758

01:53:44.330 --> 01:53:46.199

Himanshu Raval: So what I do is

759

01:53:46.250 --> 01:53:51.030

Himanshu Raval: I start out a trade, assuming that I am going to lose 20%.

760

01:53:51.450 --> 01:53:52.760

Himanshu Raval: Like, literally.

761

01:53:52.940 --> 01:54:03.750

Himanshu Raval: this is going to cost me do 177 times 2. Let's just say times 3. So I'm spending 500 bucks. I'm saying, if I'm down 100 bucks I'm up

762

01:54:05.760 --> 01:54:06.490

Barry Goldsmith: -Hmm.

763

01:54:06.940 --> 01:54:17.890

Himanshu Raval: and I will go out of my. In fact, in the beginning I would not do that. I'm like, oh, I'll just add another calendar. I will convert to single into a double or double into a triple kind of thing.

764

01:54:18.220 --> 01:54:23.520

Himanshu Raval: and I still do that, but only in the 3, 4, 5 underlines that I mentioned

765

01:54:24.200 --> 01:54:29.839

Himanshu Raval: in other ones. I literally am in, and if I lose 20%,

766

01:54:30.400 --> 01:54:44.590

Himanshu Raval: I'm out. If I make 20%, I'm up end of story. Those are like, you know, little little snacks before the big meal. Kind of thing.

767

01:54:46.260 --> 01:54:48.770

Himanshu Raval: I don't know if I'm making any sense or not, but

768

01:54:51.510 --> 01:54:56.789

Himanshu Raval: I'm sure you all will tell me. MJ. As a question

769

01:54:57.900 --> 01:55:07.870

Himanshu Raval: for a Bigimer, is it best to start with one stalk like Amazon? There are 2 ways of looking at it. You either start with.

770

01:55:08.370 --> 01:55:18.690

Himanshu Raval: Actually, there are 3 ways of looking at it. You either start with one strategy and only one strategy, but have multiple underlines just to get the practice in

771

01:55:19.230 --> 01:55:22.990

Himanshu Raval: the other thing is to how

772

01:55:24.260 --> 01:55:37.760

Himanshu Raval: one stock but multiple strategies. for example, in Spx I will do short term calendars. I'll do long term calendars. I will do very long term. Calendars I will do

773

01:55:38.230 --> 01:55:44.670

Himanshu Raval: bearish butterflies. I will do broken wing butterflies. I will do, put credit spreads.

774

01:55:44.790 --> 01:55:47.120

Himanshu Raval: and all of them

775

01:55:47.390 --> 01:55:50.870

Himanshu Raval: turn into a big jumbled mass

776

01:55:52.110 --> 01:55:58.380

Himanshu Raval: somewhere over here. So in this case we are only doing calendars. But in my account

777

01:55:59.600 --> 01:56:03.830

Himanshu Raval: this is the account that I prayed with my folks on Tuesdays.

778

01:56:05.770 --> 01:56:09.070

Himanshu Raval: You guys are all welcome to join. This is where

779

01:56:09.510 --> 01:56:12.120

Himanshu Raval: Bruce encountered me.

780

01:56:12.360 --> 01:56:20.009

AAII Chapter Webinar: Yes, I can vouch for that everybody should show up every

Tuesday.

781

01:56:20.270 --> 01:56:28.939

Himanshu Raval: So for you guys, it'll be 110'clock. Yeah, close to lunchtime. So while you are having your lunch, you can just listen in

782

01:56:29.120 --> 01:56:30.789

Himanshu Raval: and have fun.

783

01:56:32.330 --> 01:56:34.159

Himanshu Raval: I mean, I know Bruce is having fun.

784

01:56:34.200 --> 01:56:35.250

AAII Chapter Webinar: Oh, yes.

785

01:56:36.280 --> 01:56:45.009

AAII Chapter Webinar: and a lot of lot of folks were like, well, sometimes you go so fast so can you go slow? So I literally have one thing over here when I say we go slow.

786

01:56:45.470 --> 01:56:58.160

Himanshu Raval: And this is where a lot of people get very confused. But, for example, see this stock this is not even a calendar. This is a vertical, but people say, Oh, but look, you have a calendar and showing a negative number.

787

01:56:58.280 --> 01:57:02.050

Himanshu Raval: See what happens in a calendar is that when I roll.

788

01:57:02.530 --> 01:57:07.970

Himanshu Raval: when I roll this 4 70 call from Twelfth April to nineteenth April.

789

01:57:08.210 --> 01:57:10.080

Himanshu Raval: This thing will go down to 0,

790

01:57:11.520 --> 01:57:14.999

Himanshu Raval: and this thing will show up as minus 377 bucks

791

01:57:16.600 --> 01:57:23.689

Himanshu Raval: and people. Just look at this and say, Oh, what your Openpl is minus



3 77. How can you say that you made money on this right?

792

01:57:25.140 --> 01:57:27.500

Himanshu Raval: I'm like, because I did

793

01:57:28.990 --> 01:57:41.309

Himanshu Raval: so, you know, I mean, there's a little bit of math involved your arithmetic. but nothing that is. it's not like Schrodinger's equation, or anything of that sort.

794

01:57:43.240 --> 01:57:52.699

Himanshu Raval: But yeah, as I said, you guys are more than welcome to join in on on Tuesdays for as long as I'm with Arrow. Me here.

795

01:57:53.290 --> 01:58:06.090

AAII Chapter Webinar: you need to go to Airmare and register for to to join the Group Group Group Group 7.

796

01:58:06.150 --> 01:58:11.039

AAII Chapter Webinar: And then you get emails reminding you and also allowing you to sign up for the next one.

797

01:58:11.510 --> 01:58:17.680

Himanshu Raval: Yep, that's one. And if I start my own free group, you guys are welcome to join that, too.

798

01:58:17.710 --> 01:58:22.289

Himanshu Raval: again. This is in the beginning. This all sounds very complicated.

799

01:58:23.200 --> 01:58:36.409

Himanshu Raval: But it's like driving a car. The first time I remember I sit in a car. I was like holy shit. I'm like I kept on looking down at my feet like, Am I actually pressing the right Tem Button or the the pedal

800

01:58:36.710 --> 01:58:51.820

Himanshu Raval: and I remember my cousin just smacking me on the head and saying, Don't look down, look at the road after a while, you know, it just became normal nature, and I remember when I went from a stick shift to a a

801

01:58:52.020 --> 01:59:01.980

Himanshu Raval: a regular car now my legs would still keep on moving, because I was trying to press press down on the clutch, even though there ain't no clutch.

802

01:59:02.040 --> 01:59:04.309

Himanshu Raval: Is that took another 6 months.

803

01:59:06.890 --> 01:59:09.229

Himanshu Raval: but then it was a piece of cake.

804

01:59:10.980 --> 01:59:22.220

Himanshu Raval: So yeah, in the beginning it'll it'll feel like, it's very complicated, etc., etc., etc. But trust me, this is pure arithmetic. If you know how to add and subtract.

805

01:59:22.380 --> 01:59:23.659

Himanshu Raval: you can do this

806

01:59:24.780 --> 01:59:28.869

AII Chapter Webinar: good point, and if you know

807

01:59:29.110 --> 01:59:34.270

Himanshu Raval: a a. And if you know a what a trend is.

808

01:59:35.220 --> 01:59:37.250

Himanshu Raval: See, this is a trend.

809

01:59:38.730 --> 01:59:40.959

Himanshu Raval: This is not a trend.

810

01:59:42.450 --> 01:59:49.950

Himanshu Raval: this is a trend but a very small trend as opposed to something like this, which is a big trend.

811

01:59:52.030 --> 01:59:55.950

AII Chapter Webinar: But you can make money here.

812

01:59:56.350 --> 01:59:58.910

Himanshu Raval: here and here

813

01:59:59.760 --> 02:00:10.430

Himanshu Raval: in Mcdonald's and in adobe and in Amazon and in Cmg. And Google and Spy Spx.

814

02:00:14.910 --> 02:00:17.980

Barry Goldsmith: Do you ever look at the numbers?

815

02:00:18.410 --> 02:00:20.610

Barry Goldsmith: The bottom of the

816

02:00:20.800 --> 02:00:30.040

Barry Goldsmith: we, the trading chart on Td. Ameritrade. If you scroll all the way down to the bottom of the puts and calls it will

817

02:00:30.180 --> 02:00:41.239

Barry Goldsmith: it will tell you the on a particular stock. It will tell you the number of puts versus the number of

818

02:00:41.500 --> 02:00:42.170

Barry Goldsmith: Paul.

819

02:00:43.640 --> 02:00:45.140

Barry Goldsmith: to look at a trend

820

02:00:46.410 --> 02:00:52.520

Himanshu Raval: no, I did not look at that at all. That is what they call the put call ratio.

821

02:00:53.960 --> 02:00:54.670

Barry Goldsmith: Correct?

822

02:00:54.920 --> 02:00:58.880

Himanshu Raval: You could look at it.

823

02:00:59.870 --> 02:01:12.029

Himanshu Raval: But I mean, as I said, it's essentially the same thing. Instead of that, I look at a chart, I can see that the damn thing is moving up. I'm bullish. I can see, the damn thing is moving down. I'm better.

824

02:01:13.660 --> 02:01:27.960

Himanshu Raval: And also remember, the put call ratio is essentially the ratio of the number of open interest inputs as well as in calls. But the way the big boys trade see the

825

02:01:28.050 --> 02:01:33.080

Himanshu Raval: like. For example, if a market maker. he's trading Mcdonald's.

826

02:01:33.340 --> 02:01:43.009

Himanshu Raval: This is the one stock that he has been trading for the last 1015, 20 years, and might continue to trade for another 1015 years until he retires.

827

02:01:44.040 --> 02:01:57.099

Himanshu Raval: He knows more about Mcdonald's than the CEO of Mcdonald's. The fundamentals of Mcdonald's. the how many new Mcdonalds are opening across the country or across the world.

828

02:01:57.190 --> 02:02:10.710

Himanshu Raval: He literally knows every single fundamental aspect of Mcdonald's. Then people like us. Well, I don't. I'm not into fundamentals at all, but if you are, then

829

02:02:12.090 --> 02:02:15.709

Himanshu Raval: he knows more than you to put into essence. So

830

02:02:16.550 --> 02:02:28.220

Himanshu Raval: if the prices are moving up, then obviously he is buying cause. He is the one buying a million shares at a time. people like you and me. We are not buying a \$300 stock.

831

02:02:28.540 --> 02:02:34.290

Himanshu Raval: We are not buying a few 1,000 shares of this guy on a daily basis, are we?

832

02:02:35.370 --> 02:02:36.700

Himanshu Raval: I know I'm not.

833

02:02:41.240 --> 02:02:45.549

Himanshu Raval: So the volume that you see here in the stock.

834

02:02:45.560 --> 02:03:04.309

Himanshu Raval: Those are all the big boys. Of course there are a lot of little boys like us, too, you know, buying 100 chairs, 200 chairs, 300 chairs, maybe 500 chairs, maybe even a thousand shares. But even somebody like us to spend 300 grand, 5, 7 times a year is more or less impossible.

835

02:03:08.180 --> 02:03:11.800

Himanshu Raval: So when you see the volume. It's the big boys.

836

02:03:13.000 --> 02:03:18.249

Himanshu Raval: And when the big boys are buying, yeah, that is the perfect damn time to actually get in.

837

02:03:20.240 --> 02:03:33.030

Himanshu Raval: So volume is literally another indicator. just like all other indicators, that you may see on a chart like, for example, this, this is Cci. This is an indicator.

838

02:03:34.600 --> 02:03:44.809

Himanshu Raval: This is telling me which way the momentum is. and obviously a significant momentum to either side needs volume to begin with.

839

02:03:48.760 --> 02:03:53.780

Himanshu Raval: So yeah, what you mean is a good indicator. But again.

840

02:03:54.690 --> 02:04:08.040

Himanshu Raval: what will also happen is, as somebody mentioned earlier analysis by paralysis. If you have 5 different indicators that you are looking, and if you expect all 5 of them to jive up at the same precise second.

841

02:04:08.940 --> 02:04:11.869

Himanshu Raval: You will never place a trade in your entire life.

842

02:04:13.100 --> 02:04:16.980

Himanshu Raval: cause all 5 of them will never jive together ever.

843

02:04:19.410 --> 02:04:25.360

Barry Goldsmith: And you show again how you get to that. CCI. That's something I did not know how to do

844

02:04:25.570 --> 02:04:27.079

Barry Goldsmith: on Td. Ameritrade.

845

02:04:27.460 --> 02:04:38.629

Himanshu Raval: Oh, it's just one of these studies you just you look at quick studies. This is known as Voodi Cci. It just you place here and it comes up.

846

02:04:39.480 --> 02:04:41.730

Barry Goldsmith: Okay? Great, thank you.

847

02:04:41.880 --> 02:04:43.030

Himanshu Raval: No props.

848

02:04:49.110 --> 02:04:53.769

Himanshu Raval: Okay? So any more questions.

849

02:04:54.490 --> 02:05:04.590

AAII Chapter Webinar: yeah, we're getting getting close to quitting time here. Actually, we're over. So we we we've got a 2 h, zoom.

850

02:05:04.680 --> 02:05:07.430

AAII Chapter Webinar: And yeah, I have to. I have to

851

02:05:07.750 --> 02:05:14.300

AAII Chapter Webinar: complement you. what a what a great talk this was! And one thing that you can actually tell is.

852

02:05:14.400 --> 02:05:21.630

AAII Chapter Webinar: people are still on. People that are started are still there. So this is this is very true. I agree and thank you for that.

853

02:05:22.600 --> 02:05:25.729

Himanshu Raval: So mj, did I answer your question.

854

02:05:26.510 --> 02:05:29.939

Himanshu Raval: Start with 1 one stock and one strategy? That's it.

855

02:05:30.420 --> 02:05:31.930

Himanshu Raval: That's the best way.

856

02:05:32.010 --> 02:05:34.940

MJ Popovic: Yes, you did. Thank you so much.

857

02:05:35.080 --> 02:05:45.879

Himanshu Raval: Yay. so any more questions again, if you if if we are running out of time, and if you still have more questions feel free to

858

02:05:46.750 --> 02:05:52.639

Himanshu Raval: to let whoever is organizing these meetings, I would be happy to show up again.

859

02:05:52.750 --> 02:06:01.590

AAII Chapter Webinar: Okay, definitely. So. I'll I'll send out things. But you can also send me an email from the website.

860

02:06:01.770 --> 02:06:06.400

AAII Chapter Webinar: it's listed there. And we can keep things going.

861

02:06:06.420 --> 02:06:08.070

Himanshu Raval: Sure sounds great.

862

02:06:08.270 --> 02:06:09.110

AAII Chapter Webinar: It's fine.

863

02:06:09.610 --> 02:06:20.580

Himanshu Raval: excellent guys. It was great meeting you all. I shall hopefully see you again soon, as I tell all my younger guys

864

02:06:20.930 --> 02:06:26.030

Himanshu Raval: you know. See you next time. In the meantime, do not drink, and dry

865

02:06:26.100 --> 02:06:33.760

Himanshu Raval: words of wisdom for sure, and summer is coming, because drinking is about to start at a

866

02:06:33.800 --> 02:06:35.460

Himanshu Raval: pretty brisk clip.

867

02:06:35.550 --> 02:06:41.710

AII Chapter Webinar: so do not drink and trade

868

02:06:42.490 --> 02:06:46.300

Himanshu Raval: well, once you reach my level drinking and trading is actually fun.

869

02:06:49.330 --> 02:06:55.409

Himanshu Raval: you can actually prove to your other half that you are being productive, even though you are sitting there drinking.

870

02:06:58.140 --> 02:07:09.429

AII Chapter Webinar: Yeah, you're able to pay pay for way more than then, alright, guys.

871

02:07:09.720 --> 02:07:19.829

AII Chapter Webinar: alright. Well, thank thank thank you all for attending, and thank you all for your great questions, and eventually thank you again for the good knowledge.

872

02:07:20.000 --> 02:07:23.789

Himanshu Raval: Thank you. So everyone have a great weekend.

873

02:07:23.940 --> 02:07:26.809

Himanshu Raval: You, too, all of you later.

874

02:07:26.880 --> 02:07:28.070

AII Chapter Webinar: Okay.

875

02:07:28.150 --> 02:07:34.730

Himanshu Raval: okay, bye, Glen Hites, Mj. Bruce Berry.