Shutdown Ends: What It Means for Options – 11/13/2025

Macro Views

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After recent market volatility, the US government reopening seems to have reignited optimism. On the surface, the S&P 500 and Nasdaq-100 are on track to potentially reclaim new record highs, but market breadth remains stubbornly weak. With news cycles as short as they are these days, the optimism from the government reopening will not likely outlast looming risks that investors are concerned about. With the VIX above 20%, the market is showing concern, specifically around whether or not the Fed is going to cut interest rates at the December meeting. This leads to potential complacency as hedging demand declines among investors. In this environment, investors may want to consider selling premium on spikes, such as covered calls, and defined-risk strategies, such as credit spreads or iron condors, to raise capital for if hedging needs arise in the near future.

For more information, please watch the replay video.

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Trade Idea

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FedEx (FDX) is undergoing a major transformation that is finally flowing through to its financial results. The company's cost-savings programs are delivering tangible improvements in efficiency and profitability. Trading at a 25% discount to its peers while reaffirming its FY26 guidance for $1B in transformation savings and $4.5B in modernization CapEx, FDX presents a compelling valuation entry point as it executes a multiyear margin expansion story. I'm looking to sell the December 26 265/250 put vertical at a $5.25 credit to collect premium, because the 1.8-to-1 risk-reward ratio is quite attractive for a credit spread, and to take advantage of the current option's skew, which favors selling defined-risk strategies.

FDX @ $269.36

BUY 1 DEC 26TH 250 PUT AT $6.00

SELL 1 DEC 26TH 265 PUT AT $11.25

11.13.25

CREDIT ($11.25 – $6.00) * 100 = $525

($11.25 – $6.00) * 100 = MAX GAIN OF $525

FDX BULL PUT SPREAD

($265 – $250 – $5.25) * 100 = MAX RISK OF $975

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Tony's Lookback

I'm adjusting the December 16 long call on Pacific Gas and Electric Company (PCG) and selling a short-term call against it. I'm looking to sell the November 17 call and turn this into a diagonal spread to collect $0.22 or about 15% of the long call's cost.

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PCG
10.16.2025
$16.78

BUY 1 DEC 19TH 16 CALL AT $1.57

NET DEBIT = $157

PCG
11.13.2025
$16.74

KEEP 1 DEC 19TH 16 CALL AT $1.57

SELL 1 NOV 21ST 17 CALL AT $0.22

CREDIT FROM NEW TRADE = $22

MAX RISK = $135

PCG LONG CALL DIAGONAL SPREAD

For more information, please watch the replay video.

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There are additional costs associated with option strategies that call for multiple purchases and sales of options, such as spreads, straddles, and collars, as compared with a single option trade.

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