

Inflation's Impact and a Big Tech Options Trade Idea – 2/20/2025

Macro Views



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The news of changes to President Trump's tariff policy seems to have increased bearish sentiment among investors. Bond markets also expect inflation to increase again. I believe if we do get a breakout above 6,130 on the S&P 500, it could be false, and we'll return to its current trading range after the breakout. With earnings season over, I think there isn't much to push markets higher as the Fed stands firm on rates and the market remains concerned about inflation.

For more information, please watch the replay video.

Trade Idea



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As mounting challenges have emerged for Apple Inc. (AAPL), including its lackluster AI performance and the economic slowdowns in the critical Chinese market, I believe its 65% premium over peers is becoming increasingly untenable. It has underperformed the S&P 500 and has continued with lower lows and lower highs, suggesting the need for a potential correction. I see an opportunity to take a neutral-to-bearish outlook by selling an April 4 245/260 call vertical for a \$5.80 credit.

AAPL @ \$245.00	BUY 1 APR 4 TH 260 CALL AT \$2.10
	SELL 1 APR 4 TH 245 CALL AT \$7.90
02.20.25	CREDIT $(\$7.90 - \$2.10) * 100 = \$580$
	$(\$7.90 - \$2.10) * 100 = \text{MAX GAIN OF } \580
AAPL BEAR CALL SPREAD	$(\$260 - \$245 - \$5.80) * 100 = \text{MAX RISK OF } \920

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Tony's Lookback

A couple of weeks ago, I laid out a bullish thesis for NVIDIA. In my opinion, the news of China's DeepSeek-R1 was overblown, and I believe NVIDIA remains solid. At this time, we can take profits on that original trade because earnings will be reported soon. I think it's better to close out the first trade and sell a new credit spread.



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NVDA \$126.90
02.06.2025

BUY 1 MAR 21ST 114 PUT AT \$4.90

SELL 1 MAR 21ST 126 PUT AT \$9.95

NET CREDIT = \$505

NVDA BULL PUT SPREAD



NVDA \$138.05
02.20.2025

SELL 1 MAR 21ST 114 PUT AT \$1.45

BUY 1 MAR 21ST 126 PUT AT \$3.75

CURRENT NET DEBIT = \$230

GAIN IF CLOSED = \$275

Tony's Lookback



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I still maintain a bullish exposure and that NVDA represents an undervalued stock. That's why I'm choosing to roll it. I'm using the same methodology for choosing the strike price every time I roll by selling the at-the-money put and buying a lower put to maintain a similar exposure. It's recentering the trade for less total risk by locking in profits while extending time and bullish exposure.

NVDA @ \$138.05	BUY 1 APR 4 TH 124 PUT AT \$4.05
	SELL 1 APR 4 TH 138 PUT AT \$9.40
02.20.25	CREDIT $(\$9.40 - \$4.05) * 100 = \$535$
	$(\$9.40 - \$4.05) * 100 = \text{MAX GAIN OF } \535
NVDA BULL PUT SPREAD	$(\$138 - \$124 - \$5.35) * 100 = \text{MAX RISK OF } \865

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