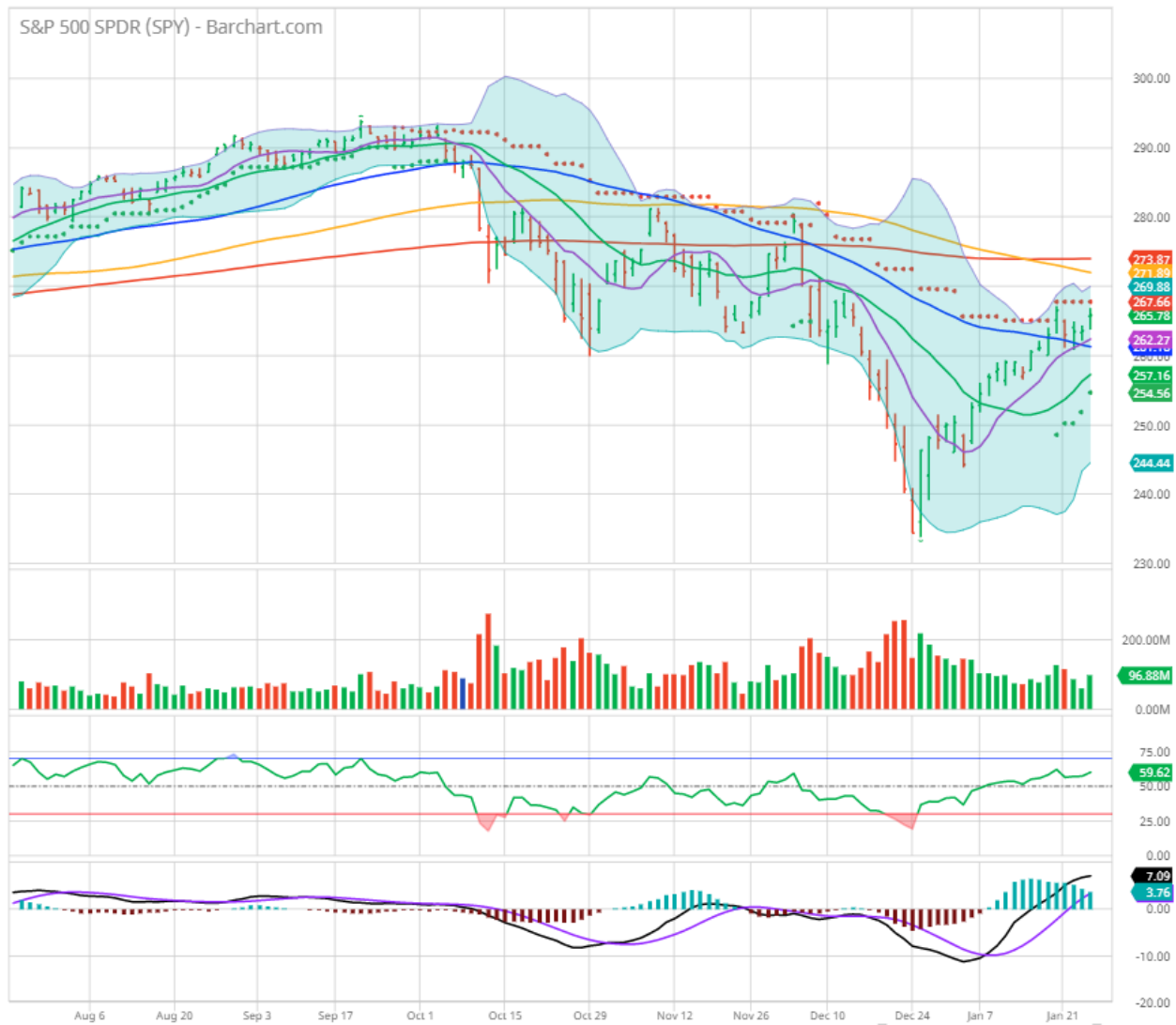


**Macro Thoughts:**

The key for me as I reviewed individual charts was their strength relative to the broad market, where I tend to use SPY as a proxy:



The biggest note for me is not the Monday-Thursday action. It is what happened on Friday. SPY did not take out the prior Friday's high, so when I see stocks that close above the prior Friday's high, that tells me that they are generally getting money flow this week and doing so at the expense of other stocks in the market.

That lead to a couple of rolls this week rather than exits, as the names that I have selected for this program have been going through a strong run and appear, in general, positioned to continue this. But I also want to make sure to take money off the table to lock in gains in case of a bad fundamental update that could occur any time.

**New Trades this week:**

**January 25<sup>th</sup>, 2019: MOMO February 22<sup>nd</sup> \$33.50 Calls for \$0.70**





\*Screenshot from Sterling Vol Trader

MOMO is doing exactly what I like to see on both a technical and volatility basis. First, on the technicals, it is a bit nuanced, but MOMO closed above the prior Friday's high. This means it got more money flow this week than the overall market (as mentioned in the macro thoughts). Seeing this gives me conviction that there is still someone allocating to MOMO overall and helps me justify a roll rather than an exit.

As always, implied volatility matters, and in this case, MOMO has incredibly cheap implied volatility with increasing realized volatility. This makes me want to stay in the trade, but since we have already seen a strong return, I needed to re-lever the position, and additionally added some time to the options.

**January 25<sup>th</sup>, 2019: YNDX February 15<sup>th</sup> \$34.00 Calls for \$0.45**



\*Screenshot from Sterling Vol Trader

YNDX looks nothing like the general market. Rather, it has been strong throughout the week with a major spike on Friday to get through the 200-Day Moving Average. Along with this, the short-duration options are incredibly cheap and so, rather than a simple roll to a higher strike, I elected to increase the position's leverage via a 1x2 that allows me to have 2x the number of options via a relatively close to Delta-neutral rolling trade, and with a good sum of money in the pocket, as well (already more than paying for the initial trade and now having more long exposure than initially).

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