

There are tremendous opportunities every day to earn a healthy, consistent income. We follow the money in the stock market, day trading options on the S&P 500.
Life is great!

Kick Ass SPY Options with Trader Hugh

BONUS Included!

Hugh's 25 Top Tips, Tricks and Traps

Head Trader/Trainer Hugh Grossman
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Introduction

Congratulations!

You took the first major step learning how to invest yourself. In fact, this e-book may well be the start of a significant change in your life, provided of course, you move forward, obtain the knowledge and actually apply it. I wish you well on this journey!

My name is Hugh, Head Trader, daytradespy.com, a company that started out as a hobby - a fluke, actually.

My background is in accounting/auditing. Like the good salaried employee, I saved much of my earnings for my financial guru to invest for my retirement.

Little did I realize at that time the vulnerability of my investments. One day, it hit me: my funds were about half of my initial capital. It would have taken a lifetime of prudent savings and investing to bring it back to life.

Needless to say, I fired my guru and set out to learn this myself. I took all the courses, sat through countless seminars, reviewed endless videos, audios, books, you name it. I looked at most instruments out there... equities, foreign exchange, exchange traded funds, looked at futures, whatever could be traded.

Through it all, I made a lot of money and lost a lot of money, but I always took away a lesson from the losses.

Eventually, I started making fewer and fewer bad trades, resulting in good, profitable positions - trades that would secure me some new cars, vacations, a new house and even a new airplane... all the toys a man in his 50's would want.

My associates took notice. "Hey Hugh, what are you doing?" I'd reply, "I'm day trading stock options on the S&P 500. SPY, actually." After a while, they pressured me into teaching them my newly acquired skill or at least wanted me to post my trades on a web site.

Hence, our business was born.

Of course, we now have support staff that work closely with us at every step.

What are Options?

For many beginners, the idea of making money by trading from a computer, laptop or even a cell phone is exciting and empowering. It is compelling, consuming and also can be dangerous if left uncontrolled.

Options trading is risky business. However, so are most things of value. You can lose all your money if you do not know what you are doing. So it is imperative that you learn as much as necessary to minimize your risk, just as you would master the necessary skills of race car driving before engaging with other high powered vehicles on a track, competing only inches from each other.

Regardless of your experience, you could actually be trading up against the likes of a Warren Buffet, George Soros or any other professional. Trading is anonymous, unforgiving and ruthless but it can also be very rewarding.

At first glance on an options trading platform, you could easily be overwhelmed by the myriad of numbers, codes and jargon. Undoubtedly, tension creeps in, causing you a clear disadvantage in the market. Just remember to take each part one at a time, breaking down the system, piece by piece, much like learning anything new. Rest assured, you will master the entire process in due course.

You can read about options trading; there is no shortage of material in that regard. However, the best approach is to align with a coach who can hold your hand all the way. Stay with your mentor through this confusing maze of information, at least until you can confidently execute trades on your own.

I have traded equities, dabbled in futures and forex but always returned to options. These instruments are derivatives of an underlying stock. Generally speaking, where the stock goes, the option follows, although not always.

Trading options was once the domain of the privileged elite. Financial institutions traded these to hedge their investments in equities. Trading these derivatives is now available to the retail trader on most platforms, the same as equities.

An option is actually a contract with certain rights and obligations. The holder of an option has the right but not the obligation to buy a certain stock for a certain price by a certain date. Each option controls 100 underlying shares.

Options have names. If you expect the stock to rise, you would purchase a '**call option**'. The higher the stock moves, the more valuable your 'call option' would typically become. This is called a 'bull market'.

Expect a drop in your stock? You would buy a '**put option**'. These options rise in a falling market. You read that correctly: the lower the market drops, the more valuable put options become.



Options have premiums. This is price you pay for the contract of being able to buy or sell the underlying stock.

Options have a strike price. This is the fixed price at which the options holder can buy or sell the underlying stock. At expiration, you hold either worthless '**out of the money**' options or '**in the money**', enabling you to buy the stock.

Options have an expiration date. This is the point at which these time sensitive instruments expire. If you are 'out of the money' by even one cent, your option becomes worthless. If you are 'in the money', you can purchase the underlying stock.

Options have other variables - **Greeks** - affecting their pricing. **Delta** represents the rate of change between the option and the underlying stock. **Theta** represents the rate of change of the time decay until expiration.

There are other factors that affect option prices as well but as this is an introductory publication, we will address them later in actual training, should you wish to proceed in that direction.

The Perfect Business

Stock trading is not for everyone. If you are comfortable with numbers, you will quickly realize that making money on the market is not that difficult, if you know how. Treat trading as the business that it is and it will reward you as such. As a hobby, it will pay as such too.

Without a doubt, society is changing at an alarming rate. Secure jobs are a thing of the past and the growing trend is to have several careers in the course of a lifetime. Those now entering university will be looking at jobs that have not even been invented yet. Schools are seriously lagging behind in training for the jobs of the future.

Perhaps a 'job' is not what you want anyway. J.O.B.... an acronym for 'Just Over Broke'... seems to say it all. You would be wise to create your own 'job', using your skills to secure your own future instead of relying on someone else.

I see trading as the perfect business. I can trade

- whenever I want, as long as I can access the internet
- wherever I want, no longer bound by geography
- as much or as little as I want; never punch a clock
- with little capital and earn unlimited income
- take advantage of favorable tax opportunities

As the perfect business of trading, I have

- no 'selling' to anyone, especially family and friends
- no overhead to fund and manage day to day
- no inventory I have to buy, process, store or sell
- no bosses, franchisors, bankers or suppliers
- no employees or hounding government agencies
- no customers to always have to satisfy
- no accounts receivable to try to collect
- no time consuming commute to work
- no real estate to encumber

Trading is a respectable profession and you are rewarded for your intelligence.

It is also sheer fun!

Options Explained

There really is no mystery to stock options. The example below should clarify the concept of trading options.

Imagine that Jim has a house on the edge of town for sale for \$200,000.

I happen to know something Jim does not: that the town council will approve a developer to build a world class golf course behind Jim's house. This will undoubtedly increase his home's value to, say, \$300,000, literally overnight once the world finds out he backs onto the 9th hole.

So, I offer to buy Jim's house for his full purchase price of \$200,000. But I don't know if I really want his house, so instead, I offer Jim \$10,000 for the '*option*'. If I want his house by the expiration date, which will be the third Friday of next month, I pay Jim \$200,000. If not, he keeps the \$10,000 and the house. Jim happily accepts that great deal.

So I take my option to Ming and sell it to her for \$15,000. She can now buy what will be a \$300,000 house for a mere \$200,000 plus the \$15,000 he just paid me. But, Ming doesn't really want the house either.

So Ming takes the option to Mohammad, who buys it from Ming for \$30,000. And on and on it goes until expiration.

I am very happy.
\$5,000 profit on a \$10,000 purchase = 50% profit.

Ming is also very happy.
\$15,000 profit on a \$15,000 purchase = 100% profit

Mohammad is also very happy.
He can continue selling the option down the line or buy the \$300,000 house for \$200,000 plus the \$30,000 he paid for the option, increasing his equity by \$70,000 in the process.

And of course, Jim is happy getting his full asking price of \$200,000 for his home.

For the above reason, this is NOT a zero sum game, which is why there is an insane amount of money in this activity.

Why the S&P 500?

I trade the SPY, which is an exchange traded fund that tracks the S&P 500. SPY is the short term for SPDR, Standard & Poor's Depository Receipt. Each share trades at about one tenth of the S&P Index (SPX). Don't get bogged down on the terminology; just know that where the top 500 stocks go, that is where SPY goes.

SPY is the highest traded stock, the most liquid, usually trading about 100 million shares per day. Whatever your order, there is a willing market to trade your position.

SPY has very predictable trading behavior. Once you master our technique, you can assess with a high degree of accuracy where you can expect this stock to go.

SPY covers all the sectors. There is no one sector or stock that governs the entire fund, making your position the most diversified possible.

SPY has many choices for options. You can trade for longer term security, medium term for a good profit/risk balance or short term for adrenalin rushing movements.

SPY options trade until 4:15 pm ET daily. Other options close at the market close of 4:00 pm but SPY generously affords a longer period in which to close out trades and make money.

SPY enables you to cut down on analysis time. I can open my charts at 9:00 am and assess market conditions; no need to do extensive studies or scans the night before.

SPY is somewhat forgiving. Even if you make an error in judgment, you can generally correct the situation through careful managing of your positions.

SPY is affordable. Usually you can buy an option for less than \$100, controlling many times its value in stock. It is quite easy making money on this derivative.

How do we make money?

SPY options provide immense leverage vis a vis the underlying stock. You can see outstanding moves on the option if the stock moves just slightly.

Below is a chart of SPY for April 15, 2016. The date is irrelevant as every day, there are movements that provide many opportunities. The detail may be hard to see but just view the patterns... open and close around the same price.

SPY opened at about 208 and dropped to 207.40 before climbing back up to finish the day at 207.89.

Had you purchased 100 shares at market open, it would have cost \$20,800. We will exclude commissions for the sake of this discussion. Had you been looking to go to the up side, you would still be holding this stock as it has not risen on this day. In fact, you may be quite worried about your investment in the short term.



SPY is an expensive stock for many people to trade. Profits may be only incremental at best as it inches up and down, usually following economic realities of the day.

As it turned out, this day's trading was relatively flat, having moved only slightly between the open and close during the day.

How did the option trade?

Had you done your quick analysis of the market, you would have discovered that 'put options' was the way to go. The market was ripe to drop. A put gives you the right but not the obligation to 'sell' 100 underlying shares of SPY for a certain price. Theoretically, you would sell the stock first, then buy it back for a lesser price, making your profit on that spread. With options, you can make money in either direction. We don't want the stock, just to trade the option.

Below is a chart of the put option I would have considered for my own trading. This option expired the same day, making it a higher risk trade but I would have been very confident in taking on this position.

SPY puts with the strike price of 208 opened the day at .39, rising to a high of .63 before the market close. That is a potential profit of whopping 61%!



Considering the equity was flat for most of the day, the option delivered in spades – or at least had the potential to.

Now, I would not aim for a 61% profit target in this case. But I would be quite assured of making 6%, 7%, 8% or even 10% on this move... in and out the same day.

That leverage is the power of options!

Is there really any money in this seemingly 'nickel and dime' trading?

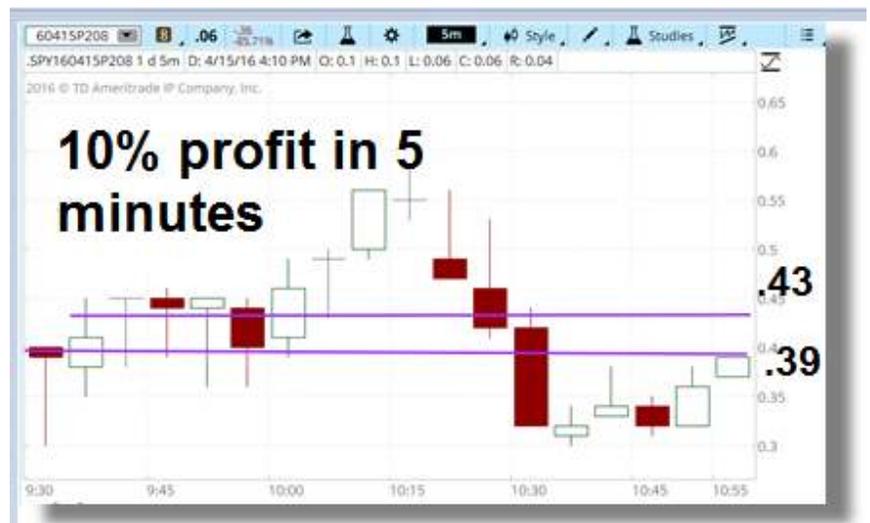
Absolutely!

One put option would have cost $.39 \times 100$ (controls 100 underlying shares) = \$39. Had you earned 10%, you would have earned \$3.90 per contract.

Had you purchased 100 contracts at \$3,900, your profit would have been \$390.

Now, here is the beauty of options... you would have been done by 9:35, a mere 5 minutes into the trading day!

That is 10% profit, as shown below, had you entered on market open for .39, out at 9:35 for .43. Not bad, especially considering you're only aiming for 5%. The stock dropped even more, which means your put options would have increased in value even more, but I do not want to confuse the issue at this point.



In answer to the question, it is not nickels and dimes. You can trade one contract or thousands. With SPY, they get filled instantly. Do the math!

It is no wonder that options trading is the fastest growing instrument in the market. Once traders sample options, they rarely return to trading equities.

But the market dropped.
How could you profit?

In this case, the market dropped. I determined that a drop in the equity was imminent. In fact, I knew this at 9:05 ET in the morning, as shown by my *'Inner Circle'* report, which is published on line in premarket. Below is a screen shot. Details of our *Inner Circle* subscription are provided later.

April 15

Proposed Trade:

(9:05) SPY's chart pattern seems to be executing with a drop, as discussed on last nights' webinar, fueled this morning by dropping oil prices and overseas markets. The stock is near its upper band but should it fall under its support, I expect it to fail to around 207 before long. A high impact news item is due at 10:00 this morning but other than that, it will be mainly technical trading today.

Remember, if you expect the market to rise, buy a 'call' option. Then, as the equity rises, so does your call value. Percentage-wise, it rises much faster than the equity, in addition to costing much less.

As I saw the market dropping, buying the equity would have been senseless. Instead, I would have bought a 'put' option, which increases in value as the underlying stock drops in price. In theory, that means I could sell the stock first, then buy it back for a cheaper price. But in reality, I do not want the stock; I only want to trade the option.

For that reason, we retail traders have a distinct advantage over the big players who are trading equities. We can execute quick changes and take advantage of rising AND falling prices, unlike institutions and many fund managers that can only trade stocks expecting increases in prices.

That also means that if we are wrong, the market is generally forgiving enough to still deliver us some gains.

How did you know SPY was going to drop?

I am glad you asked. This is where the challenge is.

As you saw, all you need is the direction. Therefore, as a new trader, you will spend an inordinate amount of time searching this out... how to find the direction.

The simple answer is that there are a number of factors that affect the stock price. Technical indicators as shown by the charts, news items and fundamental indicators as well as psychological factors all play on the price.

To give you an idea of the complexity of just the pricing mechanism, one such model, the Black-Sholes, comes 'fairly close' and is often used to determine options prices.

Below is the basic Black-Sholes equation. Derivatives of this formula make it even more complicated. Rest assured, you do not have to know this formula to trade with us!

$$c = SN(d_1)Xe^{-yT}N(d_2)$$

$$p = Xe^{-yT}N(-d_2) - SN(-d_1).$$

$$d_1 = \frac{\ln(S/X) + (r + a^2/2)T}{a\sqrt{T}}$$

$$d_2 = \frac{\ln(S/X) + (r + a^2/2)T}{a\sqrt{T}} = d_1 - a\sqrt{T}$$

S = Stock Price

X = Strike price of option

R = Risk-free interest rate

θ = Volatility of the relative price change of the underlying stock price

$N(x)$ = Cumulative normal distribution function

Relax

We absorb all the complexities to your mastering options trading. In fact, we simplify it all for you.

Our training program shows you what to look for and how to interpret the many factors affecting the market. We use only the indicators necessary to give us the information we need; nothing more, nothing less. No analysis paralysis.

In short, if you want to know all about the stock market, never ending strategies on countless stocks, exchange traded funds, instruments and derivatives, there are plenty of other sources. For reasons known only unto themselves, most traders like to complicate things. You will eventually discover that using our system of keeping it super simple, you actually will make more money AND reclaim your time in the process!

Imagine... spending your precious time doing what you love to do, 'working' on your own terms! Our successful traders enjoy a balanced life. We make the stock market *our* slaves, not we the slave to *it*.

If this appeals to you, our fast track training program is what exactly you are looking for.

We do not engage in spreads, intense premarket analyses, nightly scans or anything that consumes your life. Quite the contrary. More on that later...

In answer to the question, how did I know SPY was going to drop, my forecasts are accurate, based on the same material I teach. The '*secret sauce*' is all in the training. I whole-heartedly encourage everyone to indulge in our full training program, where I reveal the intimate knowledge I had acquired over the years of trading, much of which Wall Street would rather you don't know. In fact, much of our material is contrary to what you will find elsewhere... the difference? Ours works!

How we are different

Our approach is unlike any other. Someone used the term ‘uniquely refreshing’ to describe our program.

As one who was on the other side not that long ago, I well remember the anguish of trying to master options trading. Knowing that 95% or more people lose their money the first year, then drop out, I knew it was not going to be an easy go. But I did manage to learn a few things and now am blessed with the opportunity to train others to do the same.

The differences are many. We have no costly programs that lure you in, only to disappoint. You will quickly determine whether or not options trading and/or our approach is for you.

We provide support in many ways. As a subscriber to even our most modest program, the *Inner Circle*, you will find timely email support.

You will receive expert advice, from someone who knows, not a crony who was assigned to your file.

You will not be fed a line that makes no sense or directed to somewhere we feel you should not be. There will be no upsells to costly programs designed to separate you from your money or worse: lead you to dangerous options trading territory.

You will receive fair assessments; no ‘sugar coating’.

Options trading is risky. While no one can guarantee you success, we can guarantee that you will lose your money if you do not know what you are doing.

We take a personal interest in your trades. In the end, your success is our success!

1. **Become the expert.** Master one great strategy you are comfortable with and reap the rewards.
2. **Analysis Paralysis.** It's real and it's a good idea to remove anything not necessary to your trades.
3. **Learn before you earn.** Options is not like trading equities. Ignorance is your death knell guarantee.
4. **Time is your enemy.** Know your limit; trade within it. Understand this concept before you trade.
5. **Stay with quality options.** Low prices mean low value/high risk. You might well as visit a casino.
6. **Align with a coach in the know,** someone with passion and compassion.
7. **Treat trading as a business** and it will pay as such. Tread it as a hobby and it will also pay as such.
8. **Manage your money.** Never trade more than you can afford to lose, regardless of how good it looks.
9. **Accept losses gracefully.** Don't take it personally. Any trader who says they never lose is lying.
10. **Be well funded.** There will be a learning curve, even to the simple examples I showed you.
11. **Understand thyself** and learn to control your emotions. Fear, greed and ego need to be in check.
12. **Always strive to improve.** Regular sessions with your coach are invaluable.
13. **Stay connected.** Our *Inner Circle* keeps you abreast of important changes in the market.

- 14 **Know that the market does change** constantly and yes, it is manipulated. Get over it.
- 15 **Stop using stop losses.** They do not work for you; they work for the market maker to take your money.
- 16 **Calculate your reward potential** before taking the risk. Not all setups are great, not all trades will pay.
- 17 **Watch your leakage, fees and commissions.** They can nibble away at your account if left unchecked.
- 18 **Never chase ‘out of the money’ options.** If you miss one, there’s another trade around the corner.
- 19 **Most options lose money.** Word on the street is that 90% expire worthless; keep close watch on yours
- 20 **Watch implied volatility.** This silent killer lurks in shaky markets, sending prices high. Don’t get crushed.
- 21 **Be properly equipped.** Reliable computer, fast internet, backup power supply... all required tools.
- 22 **Plan your trade and trade your plan.** You’ve heard this before; nothing can be more true and fitting.
- 23 **Master correcting bad trades.** If nothing else, this bit of advice can save your back side more than anything.
- 24 **Applied knowledge is power...** but only if applied. It’s not much use if you do not actively participate.
- 25 **Always keep it simple.** Options trading is actually simple, when you know and understand it.

Take action NOW!

Our *fast track* programs get you on well the way to making money in as little as 30 days.

We day trade options on SPY. That's it. Simple. No complex strategies. No confusing jargon. No intimidating formulas, charts or indicators to thwart your success... just a clear path to making money.

Inner Circle: membership gets you '*in the loop*'. It is imperative to stay abreast of changes in an ever fluid market. You will have access to my premarket assessment, proposed trade, a follow up report and our Thursday night webinars, also archived for later viewing. This is a natural start and an inexpensive way to determine if our program is for you.

Training: from individual 'one on one' sessions to recorded group webinars to e-books and package deals, we get you trading quickly, confidently and consistently. Our training is second to none. Try the economical '*Basic Training Package*' with our full collection of topical videos and e-books, or fully engage in the '*Ultimate Training Course*', to include the above plus 2 months in *Hugh's Trading Room* in real time, real live market conditions.

Live Trading: our trading rooms are truly events. '*Hugh's Trading Room*' is a daily meetup for full narration and group mentoring, applying all you have come to learn. Whatever program you choose, witness our real trades, learn and earn as we make money!

Our Picks: our *Pick of the Day* suggests what we are interested in trading, to be bought at the opening bell. This 'one trade a day' program deliver a consistent 6% or more profit target with an amazing success rate. It may be of special interest to those unable to monitor charts and positions all day.

There is nothing that comes close!

This is only the beginning, providing you with a taste of how we trade options. There is much more than what is shown in this brief outline.

The more you engage in our programs, the better trader you will be.

We host free *'Introduction to Options Trading'* webinars held regularly. Please check our web site, daytradespy.com, for dates and times.

If you prefer, self-schedule a free, brief meeting with Head Trader Hugh to see how we can customize a training program for you. Find and click the link from the home page of our web site.

We look forward to your success!

"If you want what I have, you gotta do what I do!"

~ Hugh

<mailto:info@daytradespy.com>

Please visit our web site at:

www.daytradespy.com

Other e-books offered, all available on the web site.

Hugh's Bread and Butter Strategy

This was Hugh's first e-book written by popular demand, discussing key indicators to obtain extraordinary gains. It assumes the reader has a basic knowledge of stock options. If not, please join one of our training sessions. Expect to profit 5% to 10% per day as you trade this outstanding strategy, while controlling risk!

Hugh's Enhanced Bread and Butter Strategy

Further to the previous e-book, this report discusses a couple key indicators Hugh uses to obtain exceptional gains in the market. This invokes that 'wow' factor, a special combination of faith, confidence and patience, to produce extraordinary results. Expect 20% daily profit or more with this amazing approach!

Hugh's Three Solid Entry Points

Not sure when or how to enter a position? Never be at a loss again after absorbing this material. With three great methods of entry, always be ready to pull the trigger when opportunities present themselves. Learn to dance with your stocks and take full advantage!

Hugh's Support and Resistance

Imagine knowing with fair precision where a stock price is headed! Can you make money with that skill? Nowhere is support and resistance more evident than in the stock market. Commit this to memory and you will be a successful trader, regardless of which instrument you trade!

Hugh's Repairing Trades Gone Bad

You enter a trade and watch it turn against you. Like a deer in the headlights, you sit back, watch, wait and hope it comes back in your favor. Learn to be proactive and take control. Know that you only lose when you sell for a loss. You can turn those losses back around!

Hugh's Rules for Turning \$1k into \$100k Strategy

Very specific rules from planning your trades, executions and post trade reviews are covered. In addition, this e-book discusses the all vital emotional control. If you can follow these rules, you can make money. Get the e-book that made Mujahid, who never even heard of options, rich!

Hugh's Solid Gold

Get in the right frame of mind and get ready to receive this new found wealth. Know thyself so you can understand and coordinate with the market instead of trading against it. We offer as a special bonus, a section on Tips, Tricks and Traps - any one of which can help your trading!

Options Trading: It's All in Your Head

This e-book is a practical guide to the psychology of trading and how to overcome the obstacles that keep traders from making money. It's a must read, developed with many years, first-hand experience wrestling down fear, greed and ego. Realize the enemy is not the market; it is the person in the mirror!

Hugh's Quarter Million Dollar Month

Unrelated to the daily 'Bread and Butter' technique discussed in the above e-books, these are swing trades, seemingly unaffected by economic factors. One goes in your tummy, the other in your tank. This is the e-book that started it all for Hugh, written by popular demand for family and friends.

Disclaimer:

This information hereby given is for educational purposes only. Past performance does not guarantee future results. Option trading is inherently risky. Trade at your own risk.

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