



Charlie's Thoughts

Monday Jan / 27 / 2025

Here is the ZERO DAY trade....

As I explained on my Polo my buddy used to come in town when we traded on the floor for the last couple days of each month. All he did was trade the options going out. In today's markets, we have options expiring EVERYDAY! We call these ZERO DAY options.

What you see here is an intra-day chart of the MES. Our model opens up a ton of opportunities to execute the ZERO DAY trade. This is example #1.

The chart here is creating a base. We see this a million times. It tells us... There is a high probability that the market will move higher. We can buy futures, or... we can buy ZERO DAY calls. We use either the SPY or SPX (like the guy in the UTube) Here, so you can see the use of SPX I buy a 6000 call at \$2.00 (match yellow circles). As the market takes to the models suggestion.. You see the ZERO DAY option explode to \$14.00 (catch blue). If we are trading the large account I would say we start the day risking .00333 (1,000) per trade (\$1,000). So here we buy 5. At close (\$14.00) our 5 lot is now worth \$7,000.00



Example #2.

Continuing from the move above you see we hit an extreme (blue arrow on both charts). So, again this is a high probability trade for us. Flip the target option and let's buy ZERO DAY puts. Here we buy the SPX 5990 puts that on the move up got crushed down to \$2.00. (yellow circle lower chart). Let's use part of our profit to scale up... (1/3 of our 7k) and buy 11 this time. (11 \$200=\$2,200). As you can see the extreme band worked, and it mean reverted as buyers go diving. The option goes nuclear in 5 mins goes from \$2.0 to \$12.0. We exit somewhere between 11-12 dollars gaining. \$12,000.00

This is a trade that goes on all day Brian. Sometimes, like today there are probably 20 opportunities so you begin slowly. Obviously, as we know when we trade futures, those bands don't always hold up. But what we both learned was if you hang there... they tend to work a very high percentage of times. This type of trade allows for that holding. We are buying very cheap options that if we let them literally go to ZERO ... it's a minor loss. As you see when they hit... they can be big.

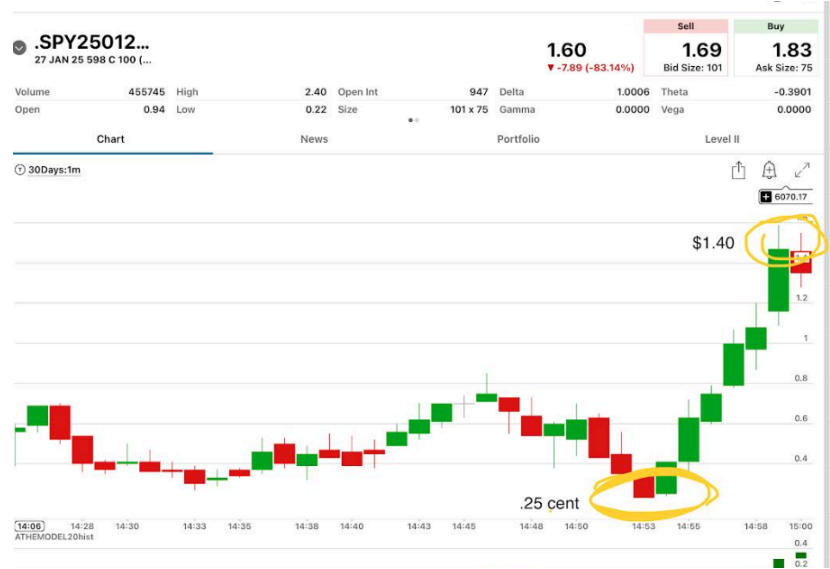
Anyway, this is the ZERO DAY trade. Something I think we need to jump on. Again, today would have been an insane trade as I saw about a dozen huge opportunities to grab these quick pops.



Last few mins of the day

At the very end of the day the ZERO trade is crazy. Remember the day I told you I was a fraction away from making 10k in META right at the end of the day.

Here is an example why. Note the time circled. Yesterday everyone thought the market would tank at the end of the day. When it doesn't guess what happens. Again, here the market bases into our mean. The 598 calls are out of the money but buy only a point (10 points in the index) Its a all or nothing trade but after a great day you have a couple grand to throw at it. So say you buy 80 at .25 cents = \$2000. As you see the market goes nuts in the last 5 mins. And the options... Short buy guys like in the U Tube get squeezed and pop to over a dollar. We could easily exit anywhere from 1.20 - 1.40 making around an extra \$10,000. If held to the end it would have made nearly 15k.



There are downsides. You can have several losers in a row as you try to gain traction. That's why I say we use a very small amount of initial money to begin. Catching a few allow you to scale with profits and every now and then a day like today happens and you make 30k plus.

Fun Huh.

