Brazilian Chaos

A potential 190% return trading the political turmoil in Brazil

Bloomberg



by Justin Villamil and Jack Witzig

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CNBC



Brazil stocks plunge on emerging political scandal, post worst day since 2008

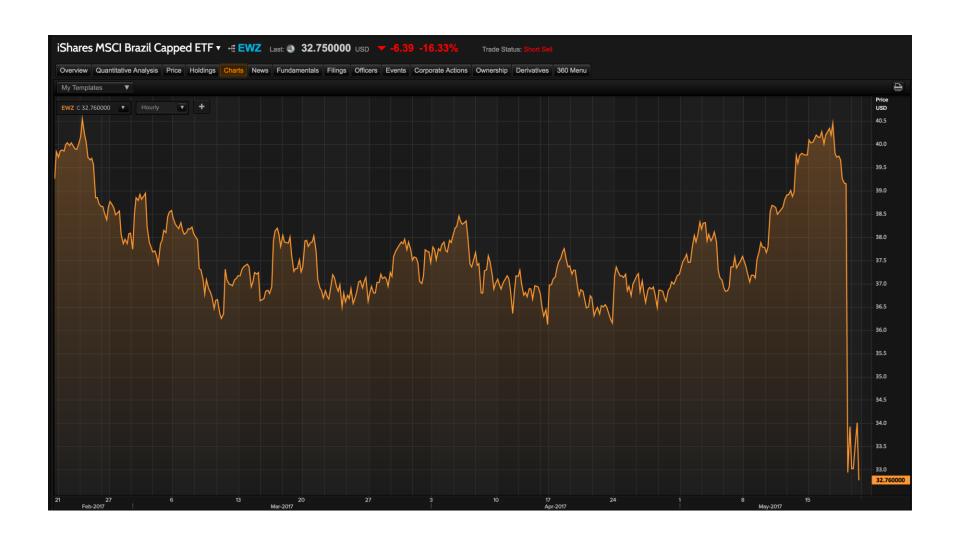
FRED IMBERT, EVELYN CHENG

CNNmoney

Brazil stocks plunge 10%; market halted for 30 minutes

Brazil's stock market, Bovespa, plunged more than 10% immediately after opening Thursday, wiping out almost all of its gains for the year. Officials halted trading for 30 minutes.

EWZ



EWZ- option chain

	CALLS										
Size	Bid	Ask	Size	Last	Strike	Expiry	Underlying	Last	Size	Bid	Ask S
8			297	= 13.60	20.00	18-Jan-2019	EWZ	= 1.14	87	0.92	1.37
93			579		21.00	18-Jan-2019	EWZ	= 1.54	11	1.34	1.60
48			788	₫ 15.71 c	22.00	18-Jan-2019	EWZ	= 1.90	44	1.58	1.85
			538	= 11.40	23.00	18-Jan-2019	EWZ	= 1.80	13	1.84	2.14
33	10.05			= 10.61	24.00	18-Jan-2019	EWZ	= 2.35	13	2.14	2.45
32			697	= 10.86	25.00	18-Jan-2019	EWZ	= 2.30	90	2.43	2.70
21		9.55	535	₫ 13.93 c	26.00	18-Jan-2019	EWZ	= 2.90	10	2.80	3.15
32			802	₽ 13.76 c	27.00	18-Jan-2019	EWZ	= 3.04	13	3.20	3.55
63			730	= 8.70	28.00	18-Jan-2019	EWZ	₽ 1.97 c	13	3.60	3.95
300	6.95	8.00	671	= 8.20	29.00	18-Jan-2019	EWZ	= 4.70	13	4.00	4.40
82				= 6.85	30.00	18-Jan-2019	EWZ	= 4.50	13	4.45	4.85
76		6.85		 7.00	31.00	18-Jan-2019	EWZ	= 5.07	11	5.00	5.35
72				= 5.74	32.00	18-Jan-2019	EWZ	= 5.50	77	5.25	5.85
71	5.05	5.55	26	= 5.50	33.00	18-Jan-2019	EWZ	<i>₫</i> 3.85 c			6.40
73	4.65	5.20	76	= 5.00	34.00	18-Jan-2019	EWZ	- 7.05			7.00
77	4.25	4.70	11	= 4.56	35.00	18-Jan-2019	EWZ	. 7.25			7.60
342	3.85	4.35	11	= 4.85	36.00	18-Jan-2019	EWZ	= 8.31			8.20
85	3.55	4.05	83	= 3.73	37.00	18-Jan-2019	EWZ	= 9.45			8.90
30	3.25	3.70	43	= 4.20	38.00	18-Jan-2019	EWZ	<i>₫</i> 5.75 c			9.60 4
11	2.97	3.40	57	= 3.20	39.00	18-Jan-2019	EWZ	₽ 6.40 c	678		10.25
30	2.70	3.10	11	. 3.15	40.00	18-Jan-2019	EWZ	<i>₽</i> 7.75 c	637	9.95	10.95
57	2.44	2.87	66	= 3.00	41.00	18-Jan-2019	EWZ			10.65	11.70
11	2.22	2.63	61	= 2.49	42.00	18-Jan-2019	EWZ				12.45
11	2.02	2.42	53	₫ 4.80 c	43.00	18-Jan-2019	EWZ	₽ 9.28 c			13.20
11	1.83	2.21	47	₽ 2.08	44.00	18-Jan-2019	EWZ	₫ 11.20 c			14.00
64	1.64	2.03	72	= 2.31	45.00	18-Jan-2019	EWZ	= 14.00	469	14.00	14.80

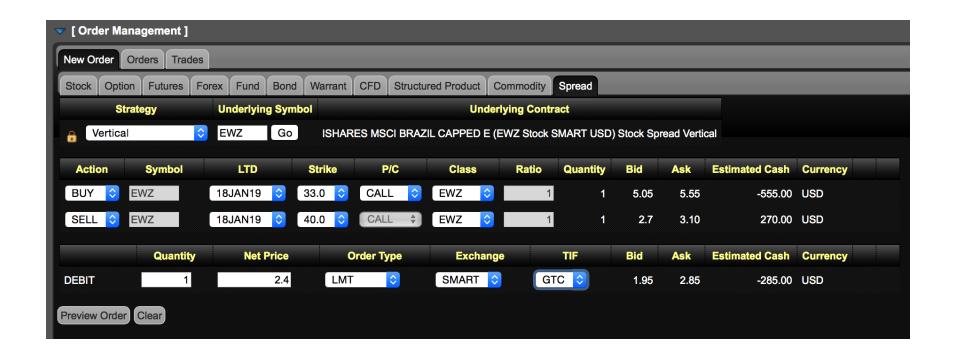
EWZ-Trade Math

Buy the Jan 2019, 33 Strike (currently at 5.50)
Simultaneously sell the Jan 2019, 40 Strike (currently at 3.15)
For a spread cost of 2.4

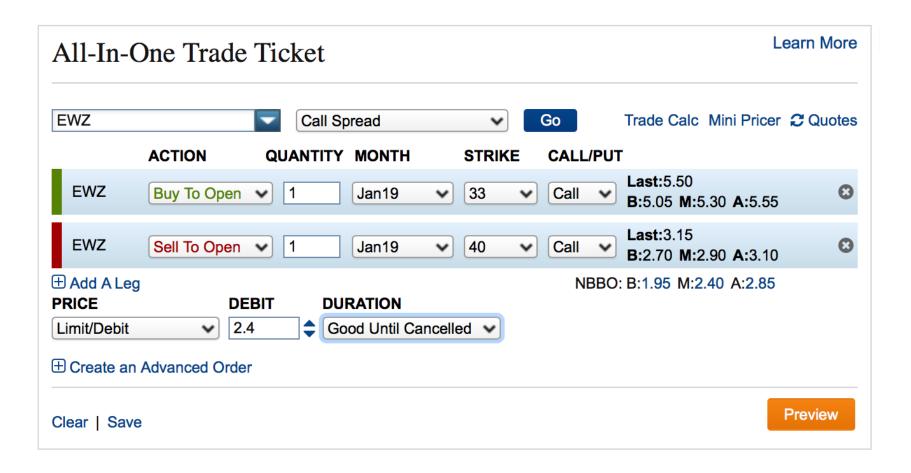
So if EWZ closes at or above 40 by Jan19 we will make 7 on the spread (40-33), less the cost of the spread (2.4) = 4.6/2.4 = 190%

Bear in mind. You can do any variation of this. You may want to buy the call outright in which case you'll make more money if the market moves higher. We suggest the spread as it decreases our risks and cost of entry.

What it will look like on the IB platform



What it will look like on the Options Express platform



Straight play

Or buy EWZ (currently at 32.75) for a bounce. Sell it at 40 for a 22% return

So in summary. For a roughly 20% move in EWZ you can make close to 200% using options where your risk is known but sits at 100% should the options expire worthless.