

Options Secrets: How to Find Short-Term Trades with Triple-Digit Potential – And Great Winning Odds

Last month, I wrote a couple articles about our powerful *Options360* platform, which you can find [here](#) and [here](#).

I grant you ... I may be a bit biased: But for my money, *TradeSmith's* powerful **Options360** platform is the very best options-trading suite you'll find anywhere. You're essentially putting an army of the very best investment analysts in your corner – to find the very best moneymaking opportunities.

I can hear what you're thinking: "Options are for suckers. It's pure speculation. Heck, it's the longest, long-shot form of gambling."

And that *can be* true if you're consistently on the buying side of call or put options – because the odds are often stacked against you. But if you're a seller of options, you can put the "house odds" in your favor.

Options360 can provide you with a valuable "house edge" thanks to two of our most-powerful indicators:

- **POP**, or probability of profit, and
- **ROI**, or return on investment.

In a single glance, on any options trade, POP handicaps your odds for success. The calculation is based on our proprietary risk-management tools, including the Volatility Quotient (VQ), and the trading history of the underlying stock.

And ROI quickly and accurately tells you how much money you can expect to earn over your options trade's lifespan.

That's why the best options strategies are focused on selling options to generate income, not for pure speculation. And our *Options360* strategies can dramatically boost your results.

Let's take a look at some current income-generating options trade ideas from *Options360* so I can show you exactly what I mean.

In fact, let's tackle the "Buy-Write strategy" – one of the simplest, lowest-risk options trades there is.

How to Set up Covered Calls

As you can probably guess from the name, there are two parts to this trade: You buy 100 shares of ABC stock – while at the same time selling (or writing) one covered-call contract against the stock you own. You can also trade *multiples* of 100 shares. For example, 200 shares equal two call options; 1,000 shares equal 10 call options; and so on.

Most brokers will let you place this trade in a single transaction (also called a Covered Stock trade). And, by placing the trade, you automatically own a stock at a slight discount. That's because the cash premium earned by *selling* the call option lowers your cost basis (or breakeven price) of the stock you buy.

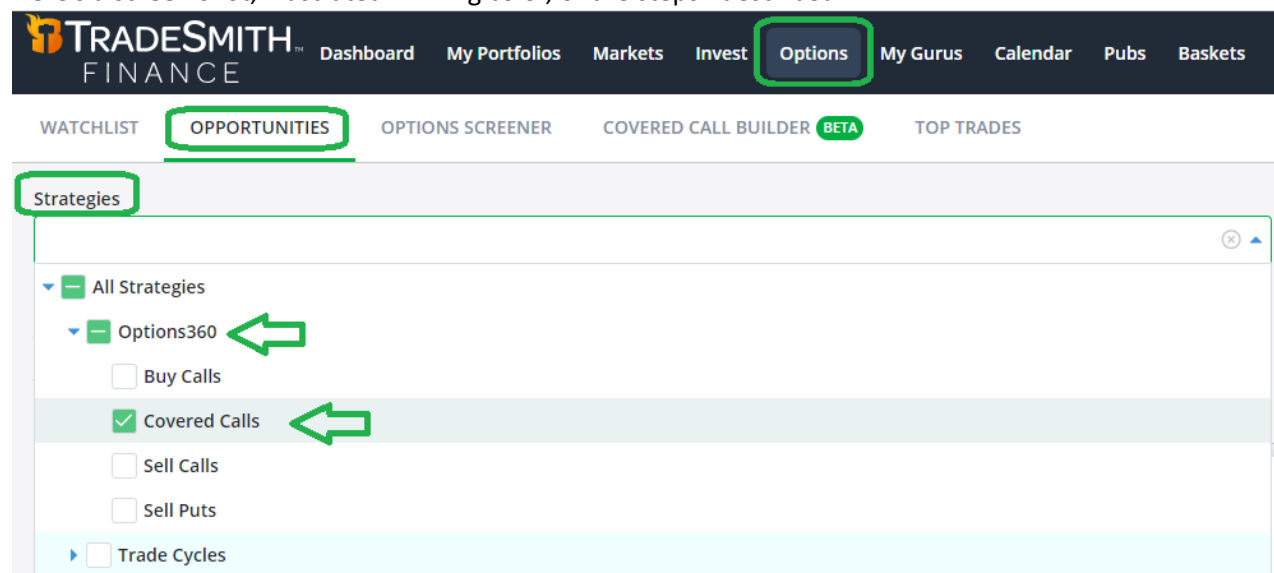
Here's the question: How do you find the right stock for a buy-write strategy? After all, how do you know if ABC is a better candidate than XYZ?

I'm glad you asked.

Using our platform, here's how to go about it (Members with *Options360*, *TradeSmith Essentials*, and *TradeSmith Platinum* subscriptions can access this tool.)

- Be sure you're logged in to *TradeSmith Finance*, then click on **Options** in the top menu.
- On the next page, click the "Opportunities" tab.
- Under "Strategies," click the drop-down menu, then check the box labeled "Covered Calls" and uncheck any others.

Here's a screen shot, illustrated in living color, of the steps I described.



Options360 is all about boosting your option-trading success. So our team programmed certain "rules" into our option-screening tools to really stack the odds in your favor. For covered call opportunities, those rules are as follows:

1. We exclude any stocks with earnings announcements, dividends, spin-offs, or mergers in the next 45 days.
2. Options must be in-the-money with 45 days or less until expiration and have open interest of more than 100.
3. Finally, our proprietary POP indicator must be greater than 85%, to really stack the odds in your favor.

Buy-write traders are typically looking for quick, income-producing trades. You focus on a time frame of a few weeks to maybe one month. So, on the same page as before, click the Filters button to open that menu, as shown below.

✕ Covered Calls

On

Hide duplicate options from the same underlying asset

✓ Tile

List



Filters (1)



Newsletters Recommendations

Select...

TradeSmith Baskets

Select...

Individual Securities

 Search for Ticker

Underlying Close

more than ▼

Days to Expiration

less than ▼

30 

Display & Sort Results

Show top

250 ▼

Sort results by

Rank ▼

ASC ▼

Go to “Days to Expiration” and make this setting shorter-term. I chose “less than 30” days for this screen.

Your results page, in Tile view, should have the same layout as you see below. Now I want to call your attention to two key metrics: Probability and Annualized ROI. I highlighted those across all four cards in the If-Assigned portion, but you’ll see they also appear in the If-Unassigned portion.

Buy 100 Shares of SE & Sell SE \$38.00 Call expiring 22 Sep 2023	Buy 100 Shares of ETSY & Sell ETSY \$66.00 Call expiring 22 Sep 2023	Buy 100 Shares of NVDA & Sell NVDA \$432.50 Call expiring 22 Sep 2023	Buy 100 Shares of SMCI & Sell SMCI \$250.00 Call expiring 22 Sep 2023
COVERED CALL VIEW	COVERED CALL VIEW	COVERED CALL VIEW	COVERED CALL VIEW
IF-ASSIGNED	IF-ASSIGNED	IF-ASSIGNED	IF-ASSIGNED
Probability: 99.00%	Probability: 99.00%	Probability: 99.00%	Probability: 99.00%
Max Profit: \$64.50	Max Profit: \$84.00	Max Profit: \$504.50	Max Profit: \$730.50
Annualized ROI: 311.45%	Annualized ROI: 232.48%	Annualized ROI: 212.90%	Annualized ROI: 543.60%
IF-UNASSIGNED	IF-UNASSIGNED	IF-UNASSIGNED	IF-UNASSIGNED
Probability: 1.00%	Probability: 1.00%	Probability: 1.00%	Probability: 1.00%
Max Profit: \$44.00	Max Profit: \$78.00	Max Profit: \$500.00	Max Profit: \$255.00
Annualized ROI: 212.46%	Annualized ROI: 215.88%	Annualized ROI: 211.00%	Annualized ROI: 189.76%
SE Latest Price \$37.80	ETSY Latest Price \$65.94	NVDA Latest Price \$432.46	SMCI Latest Price \$245.25
Total C/B \$3,730.50	Total C/B \$6,496.00	Total C/B \$42,705.50	Total C/B \$24,194.50
Option Premium \$49.00	Option Premium \$98.00	Option Premium \$540.00	Option Premium \$330.00
Effective Selling Price \$3,849.00	Effective Selling Price \$6,698.00	Effective Selling Price \$43,790.00	Effective Selling Price \$25,330.00
Breakeven Price \$37.31	Breakeven Price \$64.96	Breakeven Price \$427.06	Breakeven Price \$241.95
Trade Summary >	Trade Summary >	Trade Summary >	Trade Summary >

The top of the card for each trade opportunity shows you the POP – the maximum profit and annualized ROI should you be assigned (“If-Assigned.”) That means your call option is in-the-money at expiration and your stock should be called away.

Here, *Options360* is aiming for short-term, high-profit trade opportunities – as defined by ROI.

Your goal isn’t to own the stock long-term, but to generate immediate income on each trade, close the trade quickly, and move your money to the next opportunity.

Rest assured, *Options360* also includes covered-call opportunities for those of you who *do* want to hold the stock longer-term – and keep writing covered calls. But that’s another story for another day.

Getting back to the results above, notice how high the POP is. Across the board, there is a 99% chance of being assigned, which means a 99% probability of earning the max profit on each trade and moving on to the next opportunity.

The profit potential ranges from a low of just \$44 in the SE example above (far left) to a \$730.50 profit for SMCI (far right). Keep in mind that’s for a trade you are in for *just two days*; I ran this updated screen yesterday (Wednesday), and all four of the example options above expire this Friday.

Let’s quickly recap based on the SMCI trade opportunity above.

- **You have 99% odds**
- **To earn \$730.50**
- **In just two days**
- **For an annualized ROI of 543.6%**

The other annualized ROIs are somewhat lower; but they are all triple digits.

I grant you: You won't be able to find high-ROI trades like this every two days. It depends on market conditions. But even if you uncover just one trade like this every month, that still adds up to an annual ROI of more than 36%.

Mike Burnick's Bottom Line: With *Options360*, you can find hundreds of income-producing options trades each and every trading day of the year. And many of these trades can deliver near-perfect odds (a 99% POP) of success *AND* triple-digit yearly profit potential. My boss, Keith Kaplan, has a new video where he looks even closer at *Options360*.

Good investing,

Mike Burnick
Senior Analyst, *TradeSmith*