INCOME ON DEMAND

The Simple Secret for Unlimited Stock Market Payouts

URGENT: Live Call

Matt: All right. We're going to go ahead and get started here. Looks like we are all set with our *Income on Demand* Lifetime call. We'll be covering some magic income calculator plays. My name is Matt Insley. I'm the publisher of *Income on Demand*, and I'm joined by your editor Zach Scheidt. Zach, how's everything going today?

Zach: Things are going well. It's a good day.

Matt: Awesome. So we are… We're going to get everything started here. And like always, we ask you, we'll probably be on the call about 30 minutes or whatever, so we'd ask you to put your cellphone on mute, or maybe turn it off. And in those 30 minutes we've got three actionable plays that we want to get you before the market closes today.

Matt: So we're going to go ahead and get started here. Also, some housekeeping notes, there is a text box at the bottom of your screen. You can use that to go ahead and submit questions for us. We'll have a Q&A at the end of the session but we'll try and get to some of those questions, if we can't get to everything here, we try and get to them in *Income on Demand* emails, or Zach writes for *The Daily Edge*, maybe something in a *Daily Edge* coverage.

Matt: And also remember, you can always email us at AskZach@StPaulReasearch.com. So just a reminder, we're recording live here today so we'll be off the cuff. You'll hear directly from Zach and don't blame us if we stutter or say anything wild and crazy, but that's why we're here. We want to get this to you right off the cuff and get you the information you need.

Matt: So Zach, here we are. We're in June. We've got a trade war raging. Markets have been a lot more volatile in the last week or two and there's a decent bit of uncertainty that we're looking at.

Zach: There is. It's exciting because there's a lot of opportunity with markets moving so much. It gives us a chance to talk about what's going on, what the different possibilities are, where we can make money. So I love environments like this. But as you said, we've got issues going on. We've got this trade war that looked like it was going to be all wrapped up and now, all of a sudden, it's not. China's fighting back, potentially threatening to put some trade restrictions on the rare earth metals that are coming through, so that's going to be interesting for the whole technology area because we need those metals to build computer chips and stuff.

Zach: And now Mexico's in the fray too. So we've got potential tariffs on Mexico. I think that's going to get worked out.

Matt: Yeah. And I always like to look at it, I mean, that's the good thing about these calls. We're coming to you live so we can talk about the stuff that's happening right now. But one of the things I always say, and I talked about with Zach earlier today and just in general, if you want to know how bad things are, how important news is, a lot of times you can just look at the market. But the market has been talking to us over the last two or three weeks that there's some pretty big swings that we've seen.

Matt: So the trade war stuff, whether it's the media hyping it up or not, it's able to control the markets in a way that we haven't seen before. So let's go ahead and get started.

Zach: And that's not a scary thing. That's actually a positive thing, in that I love seeing movements in the market, especially with our *Income on Demand* strategy because the more movement we have the more income we're able to pull from the market. So I wouldn't let this be the kind of thing that causes you to wring your hands and worry as much as, "All right, let's get ready. This is going to be a good opportunity for us. This is going to be a good summer for us.

Matt: Yeah, absolutely. It's one of those things where we're not going to talk about whether you should be in the market or not in the market today. I'm in the market. Zach's in the market. It's one of those places, if you're going to have money in it a strategy like we use here at *Income on Demand*, this is the timeframe that, I mean, things are going a little bit better here and it's the reason we use strategies like this. It's a way to capitalize on some volatility.

Matt: So Zach, you ready to get started for this lifetime bonus call?

Zach: So and just to clarify as we have these questions that come through and so forth, I can't give any personalized investment advice. We talk about this a good bit. But I can answer questions that you have on the general market and what my expectations are, but I can't tell you what you need to do with your contracts or your shares and so forth. But I will try to answer all the general questions that we get, whether it be on this call or, like Matt said, we have a lot of other ways to get in touch with you via our regular weekly alerts that go out, *The Daily Edge* and so forth. So yeah, please keep those coming in and I love hearing from you and how you're doing with the strategy.

Zach So a while back we introduced a new twist on our *Income on Demand* strategy and we made it available only to you our lifetime subscribers to *Income on Demand*. Now, this twist was basically to add an additional transaction to our normal strategy of selling put contracts and by adding this one extra step we're able to add some pretty significant advantages. Now, we've covered this twist in more detail on the first call that we did and you can access a transcript of that call with the link that should be on your screen right now.

Zach: Today, I'm going to go over the strategy pretty quickly because I don't want to spend too much time telling you something that you already know. But if you want to review how the strategy works in more detail, I would suggest checking that link out because we walk through all of these trades in a little bit more detail, so you can get all the detailed information there.

Zach: It helps if you already have a strong understanding of how our strategy works and, of course, we've included a lot of helpful resources with your *Income on Demand* subscription that covers all the specifics on how our strategy works. So if you're on this call right now and you're new to *Income on Demand*, it may be helpful to review some of those materials in addition to the stuff that we're going to cover on today's call.

Zach: So this call is being recorded and we have prepared some special notes on this call, so you can go back and you can look through these recommendations as you collect the income in your account. Oh, and by the way, we're going to actually review the spread trades that we put on during the last call, so I'll tell you exactly where those positions stand before we wrap up today's call.

Zach: So just real quick to our review our three advantages for this particular, we called it an income calculator approach, but this spread trade approach. The strategy that I'm going to show you today adds one extra step to our normal *Income on Demand* strategy and by taking this one extra step you'll automatically lock in three distinct advantages over our normal *Income on Demand* strategy.

Zach: So the first advantage is limited risk. By taking this one extra step we're going to be sharply reducing the potential risk for each of our trades. So this strategy is really good in this type of market environment where things are swinging around back and forth because it helps you protect your capital, to protect the wealth that you've worked so hard to accumulate.

Matt: And by that I mean literally just less money in the market, so very, very basic on the limited risk idea there. You have less money involved.

Zach: Well, you're already jumping to number two on my list here.

Matt: All right, all right, sorry.

Zach: No, that's good.

Matt: I can't help myself.

Zach: That's the second advantage, is that we're… we have to set aside less cash with this strategy. Every put contract that we sell still represents 100 shares and normally we'd have to set aside a lot of cash with our normal income strategy, but with this adjusted approach you can dramatically decrease the amount of cash that's necessary for us to set aside.

Zach: So you're basically making more income with less cash in your account.

Matt: That's what I was trying to say.

Zach: Perfect. Well, you got it, man.

Zach: And then the third advantage is that we've got a limited timeframe. When we use this special money calculator strategy we have a very specific amount of time that will be involved in the trade and we'll see that just with the ones that we put on for the last call. We're very close to that limited timeframe where the time is up and our trade's over. We collect the income, or we're able to close out these trades. So we'll never be in these trades for a long period of time. We know exactly how long they're going to last.

Zach: So three great advantages to this strategy. And I wanted to share one small addition to this strategy that makes all of the advantage possible, and that small addition is basically just an additional contract that's added onto our selling the puts that we normally do with *Income on Demand*.

Zach: So we call this a spread trade because we're using two different put contracts. And if you've been on one of our income calculator calls you know that we use a strategy, this strategy, that helps set up these great opportunities. A spread trade is simply when you enter two different positions and these positions help to balance each other out in some way. So for these income trades we're going to start by selling a put contract on shares of stock that we expect to trade higher, but in addition to selling one put contract we're going to be buying a different put contract for that same stock. And by adding these two positions together you're going to get all the benefits that I mentioned earlier.

Zach: And while this approach, it might seem a little bit confusing or complicated at first, you'll see that it's actually a very simple transaction that can help you grow your wealth very effectively. And from what I've heard from several of you guys after our last few calls, you guys love this type of trading opportunity. So as long as you like it, as long as it's helping you grow your wealth, we'll keep doing these calls.

Zach: When you enter a spread trade income opportunity it's best to use your brokerage accounts spread trade tab to enter both sides simultaneously. And you can look at the details of how that works on our previous calls. Or if you're really more comfortable calling your broker on the phone, you'll be able to use the instructions that I give you to tell them exactly what you want to do and how you want to set up the trade.

Zach: Now, when you enter both sides of the trade simultaneously, selling one option contract and buying a different option contract, you'll be able to set a limit price for exactly how much income you want to receive from the trade. And again, I'll give you that income price or that limit price that we want to use. And once you enter the income opportunity, you can then just sit back and wait for the expiration date. Again, the great thing about this type of income trade is that you always know exactly how much is at risk. So even if something horrible happens in the stock market and it loses… the stock trad's sharply lower, you're protected against a fall. So there's much less stress in having to monitor the positions on a day to day basis.

Zach: It is important to check in on your spread trade as you get close to expiration, which we're going to be doing today. And that's because one of three things can happen with these trades. At the expiration date for our spread trade opportunities there are three ways that we can complete these trades. The best case scenario and the one that we expect to happen most of the time is that the stock is trading above both of our strike prices. In this case both our put contracts will expire and we'll be able to keep the income that we received from our positions. When this happens the positions basically disappear from your account. You keep your income. And boom, congratulations. You've been able to close out a winning trade.

Zach: A second scenario is that the stock could pull back and close below both of our strike prices. This is our worst case scenario for our position. But remember, our loss is completely limited with this trade so we only lose a very specific amount of money. Now, to be clear, I don't expect this type of scenario to happen very often but it's still wise to use this spread trade strategy to limit your potential losses and protect your capital.

Zach: And then a third scenario is when our stock looks like it's going to close between our two strike prices. And in this case we would want to close out our spread trade early. That way we wouldn't be required to buy shares of our stock without the offsetting trade causing us to sell shares at a specific price.

Zach: To close the trade out early you just simply use your broker's spread trade platform again to reverse the trade. Or you can call your broker and basically tell him to close out the trade. Of course, with each of our spread trade opportunities, I'll be following along and I'll send you detailed instructions for any trades that we need to close out ahead of time, so you're never going to be left wondering what you need to do with your spread trade opportunities. And all of these details are going to be included in your special report on spread trade income opportunities, which is going to be emailed to you after this call's complete. So we'll have all the details for these trades sent over to you.

Zach: And just to reiterate, you can find more detailed instructions on how these spread trades work by accessing our call notes from the original spread trade call that we did in November. And you can find those call notes under the live call tab on our *Income on Demand* website.

Matt: All right. So Zach, you've already gone over the details of how the strategy works. Can you quickly jump into the three income opportunities so we got some time to collect cash in the accounts before the market closes?

Zach: Yeah.

Matt: And for everyone listening, you can certainly use these instructions tomorrow after the market opens as well, but we want to give you time to get the income in the account today.

Zach: Yeah, yeah, for sure.

Zach: So let's go ahead and get started. And just to fill you in on why I picked out these particular stocks for this call, we know, we talked about it earlier, we've had a lot of volatility in the market lately and that's actually good news for our spread trade strategy because higher volatility causes option prices to trade higher, so we're going to be able to collect big income checks from these plays. And for the plays that I'm going to show you today, the volatility and fear in the market has driven some of my favorite stocks down to cheap prices. So we're going to be able to take advantage of those prices with a much higher probability of success because expect these stocks to trade higher over the next few months, which is exactly how the best case scenario for our plays work out.

Zach: So spread trade opportunity number one, we're going to be looking at shares of **Apple Inc. (AAPL)**. Now, Apple is one of the most well-known consumer technology companies and lately Apple has actually been working on an important shift to its business. So instead of focusing on new devices, Apple is now cashing in on the billions of devices that are already in the hands of consumers by beefing up its service business.

Zach: So you probably have seen the subscription fees for Apple Music, or for extra storage on your phone for pictures and so forth. These are the type of fees that Apple will be making money on for years and years to come, and that revenue comes to Apple month after month giving the company really reliable cash flow. So that's the shift, they're moving away from focusing on selling items, the actual phones, tablets, computers and so forth, and now they're focusing on selling services which give you cash month after month after month. It's going to be a very healthy thing for the company. I think it's going to cause the stock to trade higher as people get used to this new idea.

Zach: So here's how we're going to use our spread trade approach with Apple. We're going to buy the September $180 puts, which are currently priced close to $9.40, and then we're going to… Let me make sure that I got this right.

Matt: Yeah, go for it.

Zach: Let me start over.

Zach: We are going to sell the September $180 puts, which are priced near $9.40, and then we're going to buy the September $175 puts, which are priced near $7.70. So when you put this trade on I want you to use a limit price of $1.70. That's the difference between the $9.40 that you'll receive and the $7.70 that you'll have to pay, or prices that are generally in that area.

Zach: Now, when you enter the spread trade for $1.70 that means you're going to receive $170 for each contract. And since we're using two strike prices that are $5 apart, you need to set aside $500 in your account. Of course, since you're receiving $170 today you'll only need to set aside $330 of your own capital and the rest can come from the income that you receive.

Zach: Now, if you enter six contracts you'll receive about $1,020 in income, and that's your $170 times six contracts, less any commissions that your brokerage charges. Now, at the same time your broker is going to set aside an extra $1,980 from your starting capital, which is the $330 times six contracts and that's just in case you're required to buy shares at $180 and then sell them at $175.

Zach: So for Apple, instead of being required to set aside about $18,000 of your own cash, you're going to be able to collect income with just $1,980 of your own capital.

Matt: That's great.

Zach: Yeah. That goes back to one of those advantages that we talked about.

Zach: Now, one you enter the trade all we have to do is wait for our contracts to expire on the third Friday in September. I expect Apple to move higher between now and September. And as long as the stock closes above $180, both of our put contracts will expire and disappear from your account. You'll get to keep the $1,020 from entering your contracts.

Zach: Now, I don't expect Apple to trade lower between now and September but you still need to keep $500 for each contract just in case shares drop below $175 and these contracts require you to buy at $180 and sell at $175.

Zach: Now, if shares of Apple are between $175 and $180 near September expiration, I'll be sure to get back to you and give you instructions on exactly how to close this trade out early. But I want to make an important point here. I always recommend that you close out a trade if the stock is in between your two strike prices, so just keep that in mind.

Zach: So that's our first trade, Apple, a spread trade that will give you $1,020 of extra income. Let's look at number two, and this one **Chevron Corp. (CVX)**. Now, Chevron is a major oil and gas company that has a lot of reliable cash flow from the oil and gas that it produces. In fact, the company's expected to earn nearly $9 per share next year. And yet, the stock has pulled back recently and the pullback is due both to the decline in the broad stock market, because people have just been selling stocks as they worry about the trade war fears and so forth, and also it's because of a pullback in oil prices. But with the economy still growing really strong, demand for oil and natural gas will continue to be strong and I expect that this pullback is really going to be short-lived for CVX.

Zach: In fact, the stock has actually already started moving higher today, so we're already starting to see a rebound, which is perfect for our income play. So here's how we're going to use our spread trade strategy with CVX. I recommend selling the September $115 puts, which are priced pretty close to $3.70, and then I want you to buy the September $110 puts, which are priced near $2.50. So for this trade we're going to use a limit of a hundred… I'm sorry, $1.20, which is the $370 that you'll receive minus the $250 that you're going to pay. So our limit is $1.20.

Zach: And when you enter the spread trade for $1.20, you'll receive $120 for each contract. And since we're using two strike prices that are $5 apart, you'll need to set aside $500. But since you're receiving $120 today, you actually only need $380 of your own capital. Now, if you enter nine contracts for Chevron, you'll receive about $1,080 in income, and that's your $120 times nine different contracts. And that's, of course, less any commissions that your brokerage charges.

Zach: At the same time, your broker is going to set aside $3,420 in your account, and that's your $380 times nine contracts just in case you're required to buy shares at $115 and then sell them at $110. So instead of being required to set aside more than $11,000 of your own cash as you normally would with Chevron, we're able to collect income from Chevron with just $3,420. So again, that's less than a third of what you would normally have to pay or set aside to get income from this stock.

Zach: Once you enter the trade all you have to do, again, is wait for our contracts to expire on the third Friday in September. Now, I expect Chevron to move higher between now and September. As long as the stock closes above $115, and it's trading well above there right now, both of our put contracts are going to expire and disappear from our account. So you'll get to keep the $1,080 that you got from entering nine contracts. On the other hand, another scenario is that CVX trades lower. Now, I don't expect CVX to trade lower between now and September but you still need to keep $500 set aside for each contract just in case the shares drop and they close below $110 on the third Friday in September. That would require you to buy at $115 and sell at $110, so that's why your broker's setting aside that cash.

Zach: So if shares of Chevron are between $110 and $115 near our September expiration, I'll be sure to get back to you and give you instructions on how to close this trade out early. The same thing here, I always recommend that you close out a trade that's in between the strike prices. So just always keep that in mind. And that's it for Chevron, let's go ahead and we'll look at our third play for today.

Zach: And the third one is **Lam Research (LRCX)**. Now, Lam Research is a technology company that has come up with a lot of significant advances for computer chip companies. So, in fact, the majority of current chips that go into computers, that go into gaming systems, that go into the smartphones or tablets that you have, these computer chips have some technology that's been developed by Lam Research. So basically, any time you buy something smart, you're sending money to Lam Research because of their technology, because of their intellectual property.

Zach: So over the last few weeks chip stocks have traded lower, largely in response to these trade war fears because we're worried about what's going to come from China, what we can sell to China and so forth. But the thing to remember is, technology is not going away because of this trade war and Lam Research's technology will become more important as chip companies look for ways to manufacture their products outside of China, hopefully here in the U.S., and basically they look for ways to compete in this changing political environment. So that's making Lam Research more important, not less important and that's why I expect the stock to continue to trade higher because the company's going to grow their profits. And we've actually already started to see a rebound in Lam Research since the pullback in May.

Zach: Here's how we're going to enter our Lam Research, or LRCX spread trade. I want you to sell the September $180 puts, which are currently priced around $13.50, and I want you to buy the September $175 puts, which are priced around $11.70. So for this trade we're going to use a limit of $1.80. Now, when you enter the spread trade for $1.80 you're going to receive $180 for each contract. And since we're using two strike prices that are $5 apart, you need to set aside $500. But since you're receiving $180 today, you'll actually only need $320 of your own capital. If you enter six different contracts you'll receive $1,080 in income, and that's your $180 times six contracts. And again, less any commissions that your brokerage charges you. At the same time, your broker's going to set aside $1,920 in your account, and that's your $320 times six contracts just in case you're required to buy shares at $180 and then sell the at $175.

Zach: So instead of being required to set aside… for Lam Research it would be $18,000 of your own cash to sell just one put contract. You're now able to collect income from Lam Research with just about $1,920 in capital. So one ninth of the cash that you would normally have to set aside.

Matt: And that's a great return on the amount of money that you're risking in the market. The amount of money that you get upfront, that's great.

Zach: That's why I love this particular play, and that has to do with this volatility that we're seeing. The more volatility, the better our risk-reward-type plays can set up.

Matt: Yep.

Zach: Once you enter the trade all you have to do is wait for the contracts to expire. Again, we're looking at the third Friday in September and I expect Lam Research to move higher, it's already started moving higher, between now and September. As long as the stock closes above $180 both of our put contracts are going to expire and disappear from our account. So you'll be able to keep the $1,080 from entering six contracts.

Zach: Now, I don't expect Lam Research to trade lower between now and September, but you still need to keep $500 for each contract just in case shares drop below $175 and you're required to buy at $180 and sell at $175.

Zach: And again, if shares are between our two strike prices, so if Lam Research is trading somewhere between $175 and $180 near our September expiration, I'll be sure to get back to you and give you instructions on how to close this trade out early. Once again, we always recommend closing out of a trade that's between those two strike prices. So keep that in mind as we get closer to September expiration.

Zach: So you can stay tuned for future updates on these spread trades. We'll keep you posted on what's going on. But speaking of updates, let's go ahead and, Matt, can we take a quick look at our spread trades that we had for the last call?

Matt: Absolutely, yep.

Zach: Okay.

Zach: So I've got some good news and some bad news when it comes to our last set of spread trades. The bad news is that one of the stocks that we used for our spread trade came under pressure. And you can imagine the trade war with China has understandably hurt confidence for shares **Alibaba (BABA)**. That's basically the Amazon of China, so it makes sense that with so much news around China that the stock has pulled back below our strike prices for the spread trade. But remember, our loses are strictly limited so we're not ... no matter how low Alibaba trades we're not going to lose any more than the original amount that we expected.

Zach: And there's still a little bit of time for Alibaba to rally if we get some news before these puts expire in June. And we've seen a lot of quick movements whenever there's positive news. Also, our other two spread trades held up very well. They allowed us to collect plenty of income from other opportunities. Keep in mind, each time we enter a spread trade our risk is strictly limited, so we're in good shape being able to collect and keep the income from two of our plays and only have one of our plays with potential losses, but those losses are strictly capped.

Zach: All right. So let's look at each one of these individually. First we had Broadcom (**AVGO**). We had the June $260, $250 bull put spread. Now, shares of AVGO are currently trading near $268, so that's above the $260, $250 put spread, and that's exactly what we want to see. So woo-hoo, we're excited about that one.

Matt: There we go.

Zach: Right now it looks like both of our put contracts are going to expire, so those will disappear from your account when the market closes on June 21st, and that's just two weeks from this Friday. So in two weeks this one's going to be over, done with, in the bag. You'll get to keep all the income that you receive from this trade and you'll have no obligation to buy shares of Broadcom or AVGO. So congratulations, that's a win for our spread trade strategy.

Matt: Awesome.

Zach: And of course, I'll let you know if anything changes between now and June 21st, but for now this looks like an excellent finish for our Broadcom trade.

Zach: Second, Alibaba. We talked about this one, the June $160, $155 bull put spread. Shares of Alibaba, ticker BABA, pulled back because of the trade war concerns and the stock is currently trading at about $151, which is below both of our put strike prices. Now, again, this stock moves really quickly, so it would not surprise me at all to see it move back above $160 before-

Matt: Yeah, it's close.

Zach: Yeah, it is very close. But if shares of BABA stay below this level, your broker's going to automatically buy shares at $160 and sell them at $155 when the June 21st expiration date comes. So that's why we kept $500 set aside for each put contract, just in case this happened.

Zach: Now, so I think there's still a big chance that shares of BABA will rise back above $155 or maybe even above $160 and that would allow us to close out our potential… our loses for potentially less or even, we might even get a gain on this position, so I'm going to be watching it closely. I'll certainly let you know if anything changes and if you need to close this play out early.

Zach: And then our third play was the **Electronic Arts (EA)**. This was the June $80, $85 bull put spread. Shares of EA are currently trading near $95. So that's well above our $80, $85 strike price. It's exactly what we want to see. In fact, it moved a good bit which is very interesting, given how volatile the market's been. This is a name that's rebounded quite nicely.

Matt: Good stocks go up.

Zach: Yeah, that's right.

Zach: And that means that when the market closes on June 21st, both of our put contracts are going to expire. You'll get to keep the full amount of income that you received from entering this trade and you're not going to have any obligation to buy shares of Electronic Arts. So again, congratulations on another spread trade. It's great to see this strategy playing out just the way we planned, adding income to your account, helping you build your wealth with much less risk and a very limited timeframe on this one too.

Matt: Yeah. And again, this is a sophisticated strategy, not everyone on Main Street knows it and it's very, very far from gambling. So it's the right thing to be doing, pretty much, all the time but in up or down markets. It works.

Zach: Yeah.

Matt: Zach, thanks for the update on all of those stocks.

Zach: Sure.

Matt: We're right about 30 minutes here on the call but we want to touch base on a couple questions because we seen some stuff popping up on the screen. And in general I think a lot of the theme here is, it has to do with the market volatility that we've seen this year. And a lot of it, as you said, has been due to that escalating trade war.

Matt: Here's one of the questions. I'll read you it.

Zach: Okay.

Matt: "Zach, do you expect a market index collapse, especially of the NASDAQ and S&P, any time in the next 12 to 24 months?" Zach Scheidt: Yeah. So no, I'm not expecting an absolute collapse. The overall U.S. economy is just too strong for that. If you look at the news, we're in a spot where jobs are plentiful. Unemployment, we're going to get a new report tomorrow on the jobs for the month of May, but right now unemployment's at a 50-year low. At the same time we're adding hundreds of thousands of new jobs to the economy every single month. Corporate profits are growing. It's basically not the kind of situation where you see the market completely break down.

Zach: On the other hand, I do think we need to be aware of some growing risks with the China trade war, and now Mexico too, and how that could affect our own economy. So one of the things that we're seeing is it's becoming a little bit more expensive for companies to buy the merchandise or raw materials that they need if they have to buy those overseas. So higher costs could lead to lower profits for these companies, and that could put a little bit of a dent into the strong job market that we've been enjoying lately.

Zach: Again, nothing dramatic, just there could be some changes at the margins for how profitable these companies are and for how strong the economy is.

Zach: So one thing that I've been thinking about lately is that if you're going to address some of these big issues with China that really needed to be sorted out on the trade front, on protecting our businesses and the intellectual property that they have and so forth, this is not a bad time to do it.

Matt: Yeah. That's exactly what I was thinking.

Zach: Yeah. The U.S. economy is strong. We've got a lot more leverage. We can actually withstand some of this back and forth, some of this uncertainty because people have money to spend, people have jobs. Companies have wide enough profit margins that they can afford to pay a little bit more for merchandise. So it's a good… I mean, there's no good time to have a trade war. But if you're going to have a trade war, you want to do it when you're in a strong position instead of the other way around.

Zach: So stocks could pullback somewhat or they could just be volatile over the next few months, but they're not going to completely break down or crash like we saw in 2008, at least that's my thought right now from everything that I'm reading and all my research that I've been putting together. But that's part of the beauty with our spread trade approach. We're able to collect income from these plays. We're able to take advantage of the volatility. We're able to make things work for us and build your wealth regardless of where the market's trading. And meanwhile, our risk is strictly capped, so no matter how the market trades we always know exactly how much we're risking.

Zach: And it's as you said earlier, it's a small amount compared to the opportunity that we're getting to collect this income.

Matt: Yeah. And I'll add a little bit. I mean, I read Zach's commentary. I read plenty of financial news on the daily, just seeing what goes in and out. But I'll echo Zach's same sentiment that the market, it may be volatile in the next few months but America has a lot of dry powder, in the sense that if something goes wrong, I mean, we've got a lot of things that are going our way that I don't see stocks tanking big anytime soon. But what we see, we've seen it in the last year, I mean, what was it, in November, December?

Zach: Yeah.

Matt: We're up and down, and now we're seeing it again and I think that's what's valuable about these calls, but having your sentiment and knowing that this isn't a disaster situation but knowing this kind of stuff can really help the way that we allocate our portfolios and what we do going forward, especially with a strategy we're talking about here.

Matt: So that makes a lot of sense.

Zach: Yeah, good.

Matt: And it's great to know we're in good shape, even when the market is weak. And we've seen how well this works in the last few months with the market pullback in the fourth quarter last year, like I said. It seems like we're still in good shape even after that.

Matt: So let's see, there's another question here. This is a little bit longer one. It says, "Zach, you mentioned that market volatility is beneficial for creating perpetual income due to larger option premiums paid to option… Does this also apply to extreme flash crashes and systemic market downturns like in 2008, or potentially worse scenario? Can this income strategy also be applied to optionable ETFs and market indexes as a broader investment strategy for portfolios?"

Zach: Yeah. So that's two questions there, and so let me break that into two different parts.

Zach: As far as the flash crash goes, or the thoughts of 2008 and so forth, I don't think we're going to see a flash crash type of scenario anytime soon. So after that happened, and that was, gosh, I'm getting old, that was over 10 years ago now, I remember it like it was yesterday, there are a lot of changes that the stock exchanges have put into place as safeguards to keep that type of situation from happening again. We're not going to see computerized mass selling that drives the stock market that much lower over a very short period of time. So I don't think we're going to have flash crashes, at least not to the extent that we saw before, that we have to worry about right now.

Zach: Also, we just talked on why I think this will ... that we're not going to see a major market crash or anything like the 2008 situation. We just don't have that much risk in the markets right now. Obviously, we're keeping tabs and keeping a close eye on the risks that are popping up but it's not anything like the mortgage situation, and the crazy speculation that going on in 2008.

Matt: Or in a different analogy. It's like, back then we were running on fumes. The economy, everything was just on fumes. But now I feel like the gas tank's full. We've got some trade war stuff, but in general we've got a lot of positivity.

Zach: Yeah. To carry that a little further, we may be going over a little bit of a bumpy road but we've got a Jeep with good tires and a full tank of gas and we're in good shape.

Zach: But yes, volatility of any kind can cause option prices to move higher. And since our income strategy is to sell these option contracts, any of this extra volatility will actually give us an opportunity to collect more income from our strategy.

Zach: So part two was about ETFs and you can definitely sell put contracts on ETFs. Just to fill people in who may not know, an ETF is basically an exchange-traded fund and these trade just like stocks on the market but they cover groups. You can cover a big group like the S&P 500, or a specific area, like there's an ETF for oil and gas stocks, or for healthcare stocks, or for technology stocks. Regular investors can buy and sell these ETFs to get exposure to that particular area, and then we can certainly sell put contracts on those ETFs the same way we do on individual stocks.

Zach: Now, generally speaking, I like to sell puts on individual stocks because I can do my research on the specific companies that we're investing in and I can know exactly what is going on with their businesses. Also, we typically get more income from selling put contracts on stocks than we would on ETFs, so that's another reason to sell put contracts on stocks. You just, you get more cash every time you do it. But both actually work and it's a matter of what you're, if you're listening to this call, what you're more comfortable with. Obviously, every Tuesday morning I'll be sending you a new alert on an individual stock that we like and that opportunity. But if you want to sell puts on ETFs, I don't have a problem with that. It's perfectly fine. It works.

Matt: Yeah, we know the strategy works. And again, if you want to get a feel for what Zach's interested in, you can just look at your *Income on Demand* every Tuesday. You can see the basket of stocks that he's looking at and where his mindset is going, because we'll go through different sectors and stuff. But yep, I agree.

Matt: Well, Zach, thanks again for giving us some insight there and action with the special income calculator strategy. And I'd like to say thanks again. I don't think I did in the beginning. This was a big mistake on my part. I would like to thank everyone for tuning in because we do, we very much appreciate you being a lifetime reader. We like to be able to share these live calls with you. We like to be able to share insights about what's happening in the market. We like to see your questions. So thank you again for being one of our most loyal readers and tuning in here today.

Zach: Yeah, I like to think of our lifetime *Income on Demand* readers as a family.

Matt: Absolutely.

Zach: We're close. We talk a lot more often than our normal *Income on Demand* subscribers and I want to make sure that you're in a good spot to take the most advantage of your subscription as possible, so I'm thankful that you're out there. I'm thankful for your questions coming in. I'm thankful for the chance just to reach out and chat with you.

Matt: And remind us, I mean, if you write into AskZach@StPaulResearch.com, tell us you're a lifetime member too, just make sure we know. That way we know you're good people there and we'll hopefully get your question, if we can answer it in email or get it in one of these calls, we'll absolutely do it.

Matt: Well, Zach, we're out of time for today's call and I want to make sure that everyone had time to get these plays in their account before the market closes, so let's wrap it up here. That said, any parting words?

Zach: No, not really. I just wanted to echo what you're saying. I'm really thankful that everybody is on this call and for the chance to chat with you. This year especially we've got some great opportunities because of the volatility in the market but we've also got some major shifts in how the market is trading. So it's more important than ever to really be tuned in to what's going on in the market and where our best opportunities are. So that's a great reason why we're doing these calls as often as we can.

Zach: We'll stay on top of the developments along the way. Of course, every Tuesday morning I'll be sending you new opportunities based on what we're seeing in the market. We'll talk every Friday about the latest of what's going on and how our positions are trading up, so we'll continue to do that. And of course, as Matt said, you can always send me your questions at AskZach@StPaulResearch.com. And I'll do my best to include the answers in upcoming alerts.

Zach: As always, I love hearing from you. I love finding out what you're using the income that you receive for, what… Are you taking any fun vacations this summer? Are you doing something special with your family? I love hearing about that. So sometimes it gets a little quiet on this side of the computer screen, but keep me posted. Let me know how you're doing. And again, thanks for being on the call.

Matt: Yeah. You can't say, I mean, with the plays we picked today, I mean, they're all expiring in September so, I mean, you got the whole… you don't have to pay attention for quite a while.

Zach: Yeah, you got the summer off.

Matt: You got the summer off if you're just using these plays.

Matt: But once again, thank you for tuning in and thanks for being a lifetime member here at *Income on Demand*. We appreciate it. And, I guess, for Zach and Matt Insley here we are going to sign off and we'll see you next time.

Zach: All right, guys.

Matt: Thanks.