



SPX Monthly Chart



On November 30th the S&P posted an end of the month close above the monthly moving average line, so the trend is now up. Today will look at one stock purchase, a call purchase, a call debit spread, and a put debit spread.

VICI

The first profit opportunity we will consider this week is a stock purchase in VICI, or Vici Properties, Inc., is a real estate investment trust. VICI is primarily engaged in the business of gaming, hospitality, and entertainment destinations.

VICI Monthly Chart

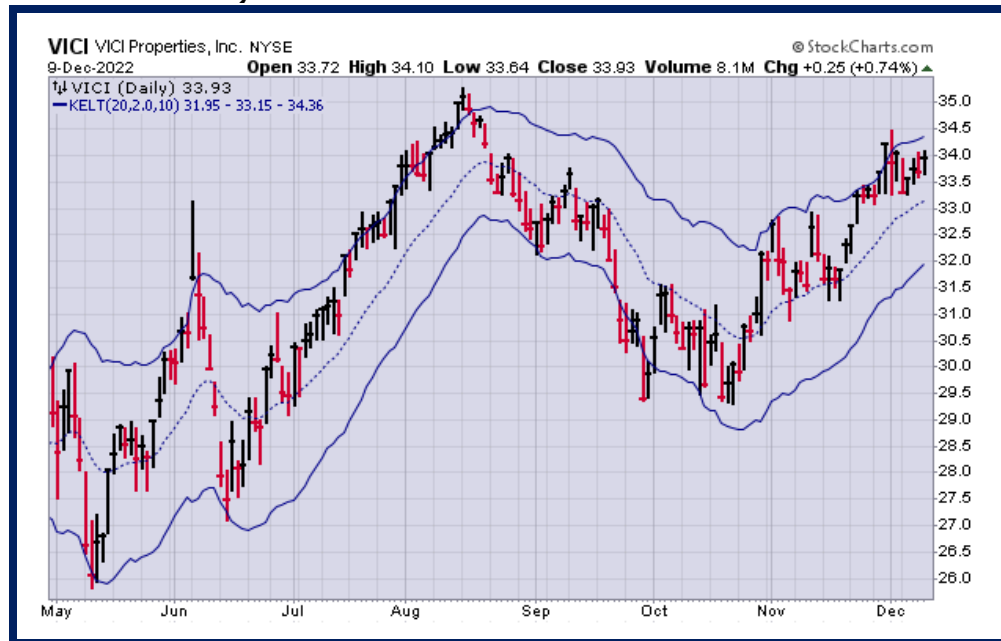


The monthly chart shows that VICI has been in an overall bull trend since the 2020 low. A further advance is expected.

VICI Daily Chart

The daily chart shows that VICI was very bullish from the May low until the August high. After a pullback from the August high, the bulls are back in control and a further advance is expected.

We recommend buying VICI stock at current price levels. The VICI dividend yield is 4.60%.



RENN

The next profit opportunity we will review this week is a Call Option purchase in RENN, or Renren Inc, ADR. RENN operates as a social networking internet platform in China.

RENN Monthly Chart



The monthly chart shows that RENN has been above the monthly moving average line since September 2020. If the stock price is above the monthly moving average line, the trend is up.

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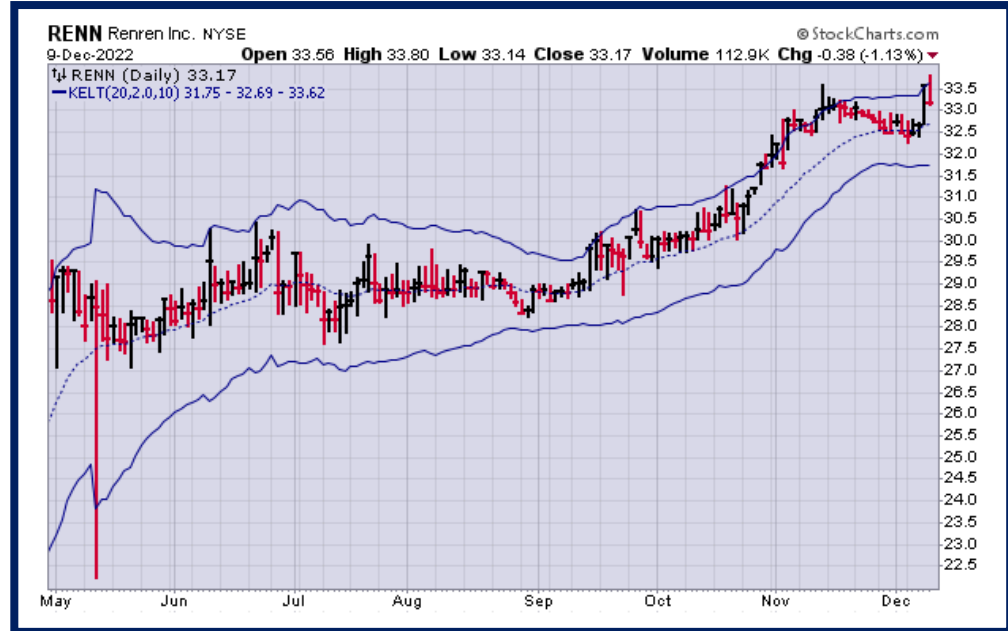
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* The profit potential reflects what could have been made through signaled trades from 2000 through 2021 and not actual member results. Not all members make the trades or report their profits and losses to us. Trading incurs risk and some people lose money trading.

The daily chart shows that RENN has been in an overall bull trend since the May low. The next upside target is 40.

RENN Daily Chart



As we said above, we want to buy a call in RENN. We will first look at selecting a put option strike price for purchasing an RENN Call Option. RENN is currently trading at 33.17. Let's look at buying the RENN January 20 25-strike call. The January 20 options expire in 40 days.

The Call Option Purchase calculator will calculate the profit potential for a call option purchase trade based on the price change in the underlying stock/ETF at option expiration in this example from a 12.5% increase in stock price to a flat stock price.

We developed what we call the 1% Rule to help us select an option strike price. The 1% rule says to limit the time value portion of the option to less than 1% of the stock/ETF price. **If you limit the time value portion of an option to 1%, the stock price only has to move 1% for the option contract to break even and start profiting.**

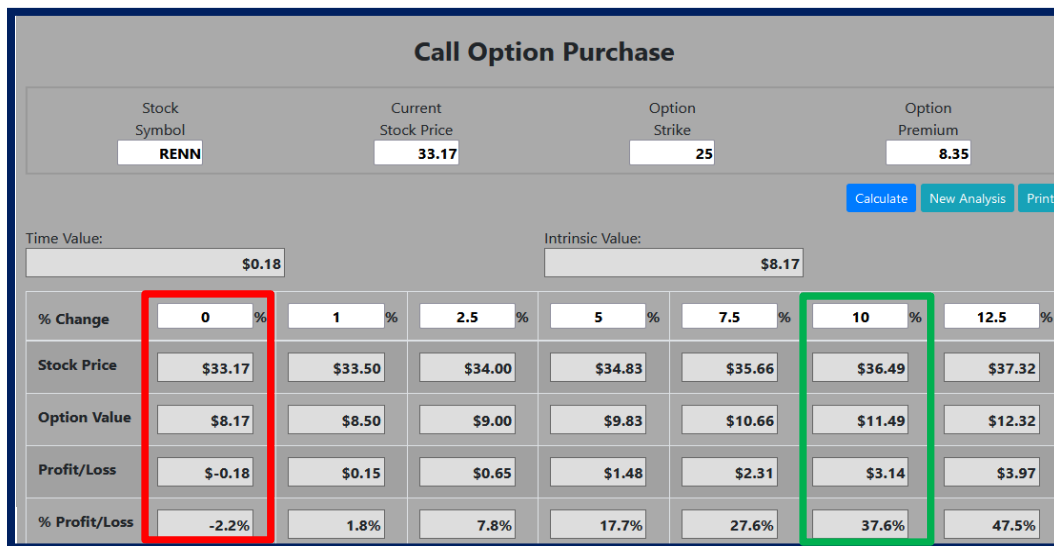
The calculator will also calculate the time value portion of an option. With this option purchase, the time value is 0.18 points (boxed in red). The time value of 0.18 is less than 1% of the 33.17 stock price, so this strike price qualifies under the 1% Rule.

Buy to Open the RENN Jan 20 25-Strike Call

Call Option Purchase							
Stock Symbol	Current Stock Price	Option Strike	Option Premium				
RENN	33.17	25	8.35				
				Calculate	New Analysis	Print	
Time Value:	\$0.18		Intrinsic Value:	\$8.17			
% Change	0 %	1 %	2.5 %	5 %	7.5 %	10 %	12.5 %
Stock Price	\$33.17	\$33.50	\$34.00	\$34.83	\$35.66	\$36.49	\$37.32
Option Value	\$8.17	\$8.50	\$9.00	\$9.83	\$10.66	\$11.49	\$12.32
Profit/Loss	\$-0.18	\$0.15	\$0.65	\$1.48	\$2.31	\$3.14	\$3.97
% Profit/Loss	-2.2%	1.8%	7.8%	17.7%	27.6%	37.6%	47.5%

The second row from bottom of the calculator lists the dollar profit potential. The bottom row lists the percent return profit potential. We can see that if the RENN stock price increases 1% at option expiration (boxed in green) a 1.8% or \$15 profit will be realized. This confirms the 1% Rule of profiting with only a 1% decrease in the stock price.

Buy to Open the RENN Jan 20 25-Strike Call



There is no limit on the profit potential of call option purchase if the underlying stock or ETF continues to increase in price. If RENN increases 10% between now and option expiration, the Call Option Purchase Calculator shows that the 25-strike call will realize a 37.6% or \$314 profit (boxed in green).

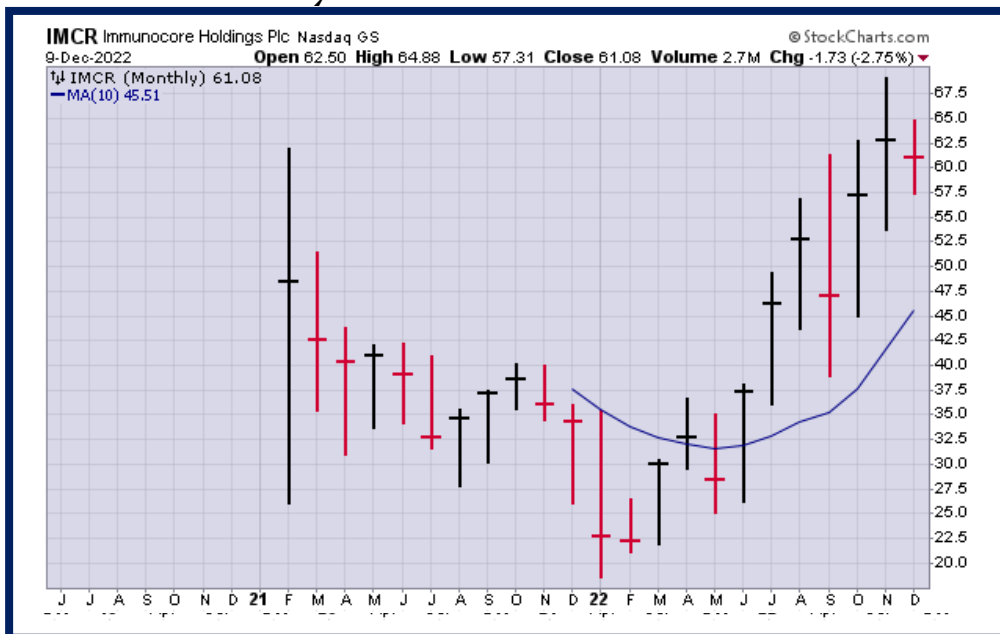
On the other hand, if RENN remains flat at option expiration, the 25-Strike Call will only lose -2.2% or -\$18. Remember, if you purchase an at-the-money or out-of-the-money option and the underlying stock/ETF is flat or down at option expiration, it could result a 100% loss for your option trade! Using the 1% Rule to select an option strike price can increase your percentage of winning trades compared to trading at-the-money or out-of-the- money strikes and this higher accuracy can make you a more successful trader.

We recommend buying the RENN January 20 25 -Strike Call at current prices.

IMCR

The next profit opportunity we will review is in IMCR, or Immunocore Holdings plc. IMCR is a late-stage biotechnology company.

IMCR Monthly Chart



The monthly chart shows that IMCR has been very bullish since the January low. A further advance is expected.

IMCR Daily Chart

The daily chart shows that IMCR has been in an overall bull trend since the chart started. The next upside targets are 70 and 75.

We are going to review a Call Debit Spread trade for IMCR.

Traders who want a more leveraged approach can buy IMCR calls.



Buy to Open the IMCR Jan 20 50-Strike Call Sell to Open the IMCR Jan 20 60-Strike Call

We can see from this Call Option Spread Analysis that if the IMCR stock price remains flat, or increases in price when the options expire, the spread will make a 47.1% or \$320 profit.

If IMCR is down -7.5% at expiration, we will lose -4.4 or -\$30.

Call Option Spread								
Stock Symbol	Current Stock Price	Buy Strike	Buy Price	Sell Strike	Sell Price			
IMCR	61.08	50	14.00	60	7.20			
Cost:	\$6.80						Calculate	New Analysis
% Change	7.5 %	5 %	2.5 %	0 %	-2.5 %	-5 %	-7.5 %	
Stock Price	\$65.66	\$64.13	\$62.61	\$61.08	\$59.55	\$58.03	\$56.50	
Call Buy Value	\$15.66	\$14.13	\$12.61	\$11.08	\$9.55	\$8.03	\$6.50	
Call Sell Value	\$-5.66	\$-4.13	\$-2.61	\$-1.08	\$0.00	\$0.00	\$0.00	
Spread Value	\$10.00	\$10.00	\$10.00	\$10.00	\$9.55	\$8.03	\$6.50	
Spread Cost	\$6.80	\$6.80	\$6.80	\$6.80	\$6.80	\$6.80	\$6.80	
Spread Profit	\$3.20	\$3.20	\$3.20	\$3.20	\$2.75	\$1.23	-\$0.30	
Spread % Return	47.1%	47.1%	47.1%	47.1%	40.5%	18.0%	-4.4%	

ROKU

The last profit opportunity we will review this week is in ROKU, or Roku Inc. ROKU is the leading TV streaming platform provider in the United States based on hours streamed.

ROKU Monthly Chart



The monthly chart shows that ROKU has been below the moving average line since August 2021. If the stock price is below the monthly moving average line, the trend is down.

The daily chart shows that ROKU has been in a bear trend all year. The bounce back toward the Mid-Line of the Keltner Channel gives us a selling opportunity.

We are going to review a put debit spread for ROKU.

Traders who want a more leveraged approach can buy ROKU puts.

ROKU Daily Chart



Buy to Open the ROKU Jan 20 65-Strike Put
Sell to Open the ROKU Jan 20 55-Strike Put

Put Option Spread							
Stock Symbol	Current Stock Price	Buy Strike	Buy Price	Sell Strike	Sell Price		
ROKU	51.74	65	14.35	55	6.85		
Calculate New Analysis Print							
Cost:	\$7.50						
% Change	-7.5 %	-5 %	-2.5 %	0 %	2.5 %	5 %	7.5 %
Stock Price	\$47.86	\$49.15	\$50.45	\$51.74	\$53.03	\$54.33	\$55.62
Put Buy Value	\$17.14	\$15.85	\$14.55	\$13.26	\$11.97	\$10.67	\$9.38
Put Sell Value	\$-7.14	\$-5.85	\$-4.55	\$-3.26	\$-1.97	\$-0.67	\$0.00
Spread Value	\$10.00	\$10.00	\$10.00	\$10.00	\$10.00	\$10.00	\$9.38
Spread Cost	\$7.50	\$7.50	\$7.50	\$7.50	\$7.50	\$7.50	\$7.50
Spread Profit	\$2.50	\$2.50	\$2.50	\$2.50	\$2.50	\$2.50	\$1.88
Spread % Return	33.3%	33.3%	33.3%	33.3%	33.3%	33.3%	25.1%

We can see from this call option spread analysis that if the ROKU stock price increases by 5% remains flat or decreases in price when the options expire, the spread will make a 33.3% or \$250 profit. If ROKU is up 7.5% at expiration, the trade will make 25.1% or \$188.

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This week we recommended the following:

Buy VICI Stock

Buy to Open the RENN Jan 20 25-Strike Call

Buy to Open the IMCR Jan 20 50-Strike Call

Sell to Open the IMCR Jan 20 60-Strike Call

Buy to Open the ROKU Jan 20 65-Strike Put

Sell to Open the ROKU Jan 20 55-Strike Put

Note: Profit performance displayed in this newsletter does not include commission cost. Prices are based on Friday End of Day.



***Good Trading and
we'll see you next
week!***

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