

# READ THIS: HOW TO GENERATE CASH FROM OPTIONS TRADES



**What the  
Pros  
DO!**

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**READ THIS**

# **How To Generate Cash From Options Trades**

**A system the pros use to trade  
options and collect Regular  
Cash Payouts - quickly and  
easily!**

# CASH FROM OPTIONS?

The other day I found a \$20 bill in my pocket... The cash made me smile!

I know you've experienced that too.

A handful of cash shows up unexpectedly, and it brings a bit of Joy.

What if I could show you how to generate a little bit of cash every week or two in your trading account?

It would be great right?

It would make you smile - right?

What could you do with a few hundred dollars extra every week. Take the family out to dinner? Pay down the credit card bill? Sock away some cash for a trip to Europe?

With a regular income, the world is your oyster!

## **How do you do it?**

I think, the easiest way to make a few bucks trading is by using options. There are several ways options can generate cash.

But, I'm focusing on **credit spreads**.

It's a strategy you can use in almost any market.

It's simple.. .and effective.

Better still, the probability of success is high.

You don't need a lot of experience to do a credit spread - and you don't need a lot of cash either.

All you need is an options account with credit spread approval and a little bit of time to do some basic research.

# A CREDIT SPREAD EXAMPLE!

**Apple (AAPL)** is one of those stocks that everyone watches. It's a huge company, and they always have something new going on.

What's interesting is the stock tends to move in waves...

For example, if results aren't perfect or a bit of bad news hits, people tend to jump ship. Pushing the stock lower.

However, the stock tends to rebound over time because of the strength of the company.



*From Stockcharts.com*

So, in order to generate some quick and easy cash, try this out:

The next time AAPL sells off, initiate a credit spread with about a month to go until expiration.

You can pick a credit spread (using puts) with the short strike about \$5 under than the stock price and the long strike \$10 under.

So let's say the stock is at \$95, that would mean selling the 160-165 put spread (selling the 165 puts, buying the 160 puts).

You would likely collect about \$1 in premium in this situation. That's \$100 per spread, or \$1,000 for a 10 lot.

Since the stock is at a short term low due to the news, it's possible you'll catch a rebound.

After the trade, you've just put some cash in your pocket, with a situation that's likely to happen several times a month to several different stocks.

As they say on the bottle... Lather, Rinse, and Repeat!

Let me share with you some more reasons this credit spread strategy is so successful.

## Did You Know Volatility Is Important?

Volatility is a fancy way of saying the markets are really active... especially on down days!

Volatility is a way to measure market risk.

The more volatility - the more movement - the more risk.

But professional traders thrive on volatility... but here's a secret... The BEST TRADERS know how to print money in BOTH markets with high and low volatility.

# Credit Spreads - The Perfect Way To Profit

A common method for profiting off a decline in volatility is by using credit spreads.

Credit spread is a fancy way of saying you put money in your account, when executing a spread trade.

Sell and buy an option simultaneously and you'll have cash flow (credit) to your account... That's a credit spread.

Simply put, the options you buy cost less than the options you sell.

There are many option strategies that can be considered a credit spread.

The key is:

- 1) Concurrently buying and selling two or more different options and
- 2) An inflow of money at the time the position is opened.

## Lots Of Credit Spread Types

Examples of a few credit spreads are:

- Bear Call Spread,
- Bull Put Spread,
- Iron Butterfly Spread,
- Iron Condor Spread,
- Short Strangle,
- Short Straddle, and

- Vertical Spreads.

Make sure to identify any spread trade with your broker!

For our strategy, we're going to stick to basic bear call spreads and bear put spreads.

It simply means you're selling the strike closest to the actual stock/ETF price, and buying the farther out options (it's going to work with both calls or both puts in all cases). No matter what, you'll be collecting premium.

**Here's the Secret...**

**Since 80% options expire worthless, you have a built in advantage.**

Tack on some of our basic guidelines, and your success rate will be even higher.

## That's The Power of Spread Trades.

Now, don't go crazy.

Just start with one or two trades a month to get a feel for how they work.

I recommend starting with 1-lot spreads to keep your risk as low as possible. Remember a small loss on these trades is still possible.

Once you're comfortable, you can start trading more contracts, and placing more trades.

## A Final Word

As you can see, using Credit Spreads to capture profits from volatility is really straightforward.

Done correctly, credit spreads can provide huge upside potential over time. Even better, it can help you earn significant income each and every month.

And there's so much more to discover about options than basic credit spread strategies.

We just scratched the surface of all the possibilities...

## Get More Options Trading Ideas

Doing credit spreads is an easy way to generate cash every month, but it's not the only way to make money trading options.

If you're looking for other options trading information, check out one of my favorite sites... [optionstradingresearch.com](http://optionstradingresearch.com).

And of course, keep an eye out for our regular emails... we'll share all the fun details of trading the markets successfully!

Sincerely,

Bob Mitchell

[HotStockAnalyst.com](http://HotStockAnalyst.com)



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