

In this week's *Cash Cow* Newsletter I would like to analyze the recent performance of the S&P 500 Index and show you some new profit opportunities.

After several bearish sessions, the S&P 500 rallied today after news that Washington was getting closer to a deal to avert a U.S. government default:



It appears that the On Balance Volume line has begun to break above its upper resistance line. The next few sessions will confirm or deny this breakthrough. If the index does break its resistance line, it could mean a rally is underway.

As a precaution, we should consider taking spread trades this week to help minimize our risk.

Since next Friday is the 3rd Friday of the month, there is no weekly expiration. We will instead be looking at the October 19th monthly expiration. This will allow us to utilize stocks that don't offer weekly options.

The first profit opportunity we'll look at this week is **FLT** (FleetCor Technologies):



FleetCor Technologies offers fuel cards and workforce payment products to businesses, commercial fleets, oil companies, petroleum marketers, and government entities worldwide.

The company has stellar financials including consistent Equity, Revenue, and Retained Earnings growth.

The stock is in a 50/100-Day EMA uptrend that's confirmed through the presence of an up-sloping OBV, and is trading below the middle Keltner Channel.

This offers us a good entry point for a call option spread. We should consider initiating a call option debit spread on FLT for the October 19th expiration:

At current prices the FLT October 19th 95/105-strike call option spread has a 23.5% profit potential. This is a good potential return for a 9 day period:

Call Option Spread Analysis							
Stock Symbol	Current Stock Price	Buy Strike	Buy Price	Sell Strike	Sell Price		
FLT	107.45	95	11.7	105	3.6		
Cost					<input type="button" value="Calculate"/> <input type="button" value="New Analysis"/> <input type="button" value="Print"/>		
	\$8.10						
% Change	-5.0%	-2.5%	0.0%	2.5%	5.0%	7.5%	10.0%
Stock Price	\$102.08	\$104.76	\$107.45	\$110.14	\$112.82	\$115.51	\$118.20
Call Buy Value	\$7.08	\$9.76	\$12.45	\$15.14	\$17.82	\$20.51	\$23.20
Call Sell Value	\$0.00	\$0.00	\$-2.45	\$-5.14	\$-7.82	\$-10.51	\$-13.20
Spread Value	\$7.08	\$9.76	\$10.00	\$10.00	\$10.00	\$10.00	\$10.00
Spread Cost	\$8.10	\$8.10	\$8.10	\$8.10	\$8.10	\$8.10	\$8.10
Spread Profit	\$-1.02	\$1.66	\$1.90	\$1.90	\$1.90	\$1.90	\$1.90
Spread % Ret	-12.6%	20.5%	23.5%	23.5%	23.5%	23.5%	23.5%

The next profit opportunity we'll look at is **GT** (Goodyear Tire):



The Goodyear Tire & Rubber Company develops, manufactures, distributes and sells tires and related products worldwide.

As you can see from the chart, GT has done considerably well in recent months. After dropping below the middle Keltner Channel, we are offered a good entry point into this stock.

We should consider initiating a call option purchase on GT for the October 19th expiration.

We can also consider initiating a monthly covered call on GT for the November 16th expiration to take advantage of the high premiums GT currently offers:

GT November 2013 23-strike Covered Call

Buy Write Analysis							
Stock Symbol	Current Stock Price		Call Strike	Call Price			
GT	22.67		23	1.05			
Break Even				Calculate	New Analysis	Print	
	21.62						
% Change	-10.0%	-5.0%	-2.5%	0.0%	2.5%	5.0%	10.0%
Stock Price	\$20.40	\$21.54	\$22.10	\$22.67	\$23.24	\$23.80	\$24.94
Stock Prof/Loss	\$-226.70	\$-113.35	\$-56.67	\$0.00	\$56.67	\$113.35	\$226.70
Call Value	\$0.00	\$0.00	\$0.00	\$0.00	\$0.24	\$0.80	\$1.94
Call Profit/Loss	\$105.00	\$105.00	\$105.00	\$105.00	\$81.33	\$24.65	\$-88.70
Net Profit/Loss	\$-121.70	\$-8.35	\$48.33	\$105.00	\$138.00	\$138.00	\$138.00
% Return	-5.6%	-0.4%	2.2%	4.9%	6.4%	6.4%	6.4%

The next profit opportunity I'd like to show you is **FB** (Facebook):



We recently looked at FB for its favorable fundamental and technical attributes. The stock has just retraced to the middle Keltner Channel and appears to be on its way back up.

We should consider initiating a call option debit spread on FB to take advantage of any future price appreciation.

At current prices the FB November 2013 39/48-strike call option spread has a 42.9% profit potential with good downside protection.

FB November 2013 39/48-strike Call Option Spread

Call Option Spread Analysis							
Stock Symbol	Current Stock Price	Buy Strike	Buy Price	Sell Strike	Sell Price		
FB	49.35	39	11.17	48	4.87		
Cost				<input type="button" value="Calculate"/> <input type="button" value="New Analysis"/> <input type="button" value="Print"/>			
	\$6.30						
% Change	-10.0%	-5.0%	-2.5%	0.0%	2.5%	5.0%	10.0%
Stock Price	\$44.42	\$46.88	\$48.12	\$49.35	\$50.58	\$51.82	\$54.29
Call Buy Value	\$5.42	\$7.88	\$9.12	\$10.35	\$11.58	\$12.82	\$15.29
Call Sell Value	\$0.00	\$0.00	\$-0.12	\$-1.35	\$-2.58	\$-3.82	\$-6.29
Spread Value	\$5.42	\$7.88	\$9.00	\$9.00	\$9.00	\$9.00	\$9.00
Spread Cost	\$6.30	\$6.30	\$6.30	\$6.30	\$6.30	\$6.30	\$6.30
Spread Profit	\$-0.89	\$1.58	\$2.70	\$2.70	\$2.70	\$2.70	\$2.70
Spread % Ret	-14.0%	25.1%	42.9%	42.9%	42.9%	42.9%	42.9%

As you can see from the Call Option Spread analysis, this spread has a 42.9% profit potential. If FB increases in price, remains flat, or decreases -2.5% by expiration we would profit 42.9%. If FB declined -5% by expiration we would still profit 25.1%.

The last profit opportunity I'd like to show you this week is **P** (Pandora):



Pandora Media offers Internet radio services in the United States. The company permits listeners to create up to 100 personalized stations to access unlimited hours of free music and comedy, as well as offers Pandora One, a paid subscription service.

The company is relatively new, but has thus far proved itself from a technical standpoint and financial standpoint.

P has recently retraced below the middle Keltner Channel, providing a good entry point into this stock.

We should consider initiating a call option purchase or Covered call on P for the October 19th expiration.

At current prices the P October 19th 25-strike Covered Call has a 5.6% profit potential. This is an excellent return for such a low risk strategy and only a 9 day period:

Buy Write Analysis							
Stock Symbol	Current Stock Price		Call Strike	Call Price			
P	24.28		25	.6			
Break Even		23.68		Calculate	New Analysis	Print	
% Change	-10.0%	-5.0%	-2.5%	0.0%	2.5%	5.0%	10.0%
Stock Price	\$21.85	\$23.07	\$23.67	\$24.28	\$24.89	\$25.49	\$26.71
Stock Prof/Loss	\$-242.80	\$-121.40	\$-60.70	\$0.00	\$60.70	\$121.40	\$242.80
Call Value	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.49	\$1.71
Call Profit/Loss	\$60.00	\$60.00	\$60.00	\$60.00	\$60.00	\$10.60	\$-110.80
Net Profit/Loss	\$-182.80	\$-61.40	\$-0.70	\$60.00	\$120.70	\$132.00	\$132.00
% Return	-7.7%	-2.6%	-0.0%	2.5%	5.1%	5.6%	5.6%

Note: Profit performance displayed in this newsletter does not include transaction Costs.

This newsletter includes some trading ideas following Chuck Hughes' trading strategies along with educational information. For a complete listing of Chuck's exact trades, including specific entries and exits and real time Portfolio tracking, please call Brad at 1-866-661-5664 or 310-647-5664.

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