Measured Move Target based on the ATM Straddle

* Better for a catalyst event (Earnings, Powell Speaking)

Today we will review this in AMZN and SPY

27 Different Option Strategies

SPY has an ATM

4.30.2024 Stock SPY is trading at $508.40

Implying the 508 Calls plus 508 Puts are $2.50 TOTAL

So, the SPY can move $2.50 TODAY, roughly 10% of SPX

SPX can move 25 points

SPY ATM Straddle for this week:

SPY 5.3.2024 508 Straddle: $7.30

S&P 500 Futures can move 73 this week

Now turn this into trading Earnings with stock options

AMZN has Earnings today after the close

180 ATM Straddle:

$15 implying AMZN can move up by $15 or down by $15

Upside Measured Move Target: $180 plus $15= $195

Downside Measured Move Target: $180 minus $15= $165

1. Direction
2. Speed on the Direction

I think AMZN is going to $165 BUT not TOO much lower

In AMZN I bought AMZN 5.3.2024 170-165-160 Put Butterfly for $.45 per 1 lot

I bought 1 170 Put

I sold two 165 Puts

I bought the 160 Put

I am buying the 170-165 Put Spread and I am selling 165-160 Put Spread

Risk: $45 per 1 lot

Reward: $455 per 1 lot

Breakeven: $160.45 and $169.55

How I would manage this trade:

I would sell 50% of the trade at 100% Profits