

## Five Years of Price Movement in Three Months

We are all aware of the recent volatile market conditions so I wanted to take this opportunity to update investors on what I think is the best trading approach for the current situation. Despite the unprecedented market volatility of the last 3 months, the S&P 500 Index is virtually unchanged from its price 3 months ago on October 10<sup>th</sup> 2008. Listed below are the S&P 500 Index price movements during this 3 month period.

12% rally followed by a  
16.2% decline followed by an  
18.4% rally followed by a  
26% decline followed by a  
25% rally

Any one of these 5 rallies/declines would normally be one whole year of price movement for the S&P 500 Index.

The foreign stock markets have experienced similar price movements and volatility. The Emerging Markets Index for example was trading at 24.55 on October 10<sup>th</sup> and 3 months later on Jan 10<sup>th</sup> was trading at 24.88. During that 3 month period the index rallied 35.3%, declined 36.3%, rallied 44.2%, declined 34.0% and then rallied 49.7% resulting in considerably more price volatility than the S&P 500 Index.

Initiating a new bullish or bearish trade during the past 3 months would most likely result in losses. In my experience, during these types of market conditions one of the few strategies that can produce good profits with relatively low risk compared to an outright bullish or bearish position is the Buy Write Strategy of purchasing a stock and selling option premium. Option premiums are rich and selling premium can provide good down side protection as well as a reasonable return providing a low risk way to profit in volatile markets.

My brokerage account Profit/Loss Report below displays my recent buy write trades. I collected \$30,853.12 in cash income from the sale of the call options listed below. This buy write portfolio has an average return potential of 57.7% demonstrating the substantial returns available from buy write trades.

# Buy Write Trade Portfolio

## Account Reports: Profit/Loss Report



**Give your accountant a break.** View profits/losses for all trades executed on one specific date or during a range of dates. Track by position, whether it's closed, or still opened. Download to a spreadsheet for easy manipulation, processing and tax reporting.

Trade date: << [ ] >> **SELECT DATE**

Trade date: << [ ] >> **SELECT DATE**

Symbol: [ ] **Submit**

**Show detailed unrealized positions**

\*To see all transactions within specified date range leave symbol blank

[Guide to the Profit/Loss Report](#)

### Unrealized P&L on Open Positions

Symbol	Description	Position	Avg Price	Cost Basis	Market Value	Type	Unrealized Val.
+FCXEG	Freeport-McMoran Copper & Gold May 2009 35.00 Call	-3	-\$4,7183	\$1,415.48	-\$1,485.00	Stock Option	-\$69.52
+LLWAG	Peabody Energy Corp Jan 2010 35.00 Call	-3	-\$9,9782	\$2,993.47	-\$3,390.00	Stock Option	-\$396.53
+LXAF	Southwestern Energy Co Jan 2010 30.00 Call	-3	-\$7,2782	\$2,183.47	-\$3,960.00	Stock Option	-\$1,776.53
+WBAAE	Bank Of America Corporation Jan 2010 25.00 Call	-3	-\$4,7683	\$1,430.48	-\$1,530.00	Stock Option	-\$99.52
+WKBAZ	Ishares Inc Msci Brazil Jan 2010 40.00 Call	-3	-\$4,9183	\$1,475.48	-\$2,580.00	Stock Option	-\$1,104.52
+WWRAG	Wells Fargo & Co New Jan 2010 35.00 Call	-3	-\$4,5283	\$1,358.48	-\$2,010.00	Stock Option	-\$651.52
+WYSAH	United States Stl Corp New Jan 2010 40.00 Call	-3	-\$10,8882	\$3,266.47	-\$3,390.00	Stock Option	-\$123.53
+WZYAE	Chesapeake Energy Corp Jan 2010 25.00 Call	-3	-\$5,5183	\$1,655.48	-\$1,830.00	Stock Option	-\$174.52
+YCPAZ	Cleveland Cliffs Inc Jan 2010 140.00 Call	-3	-\$7,3182	\$2,195.47	-\$2,070.00	Stock Option	\$125.47
+YHBAE	Bucyrus Ind Inc New Jan 2010 125.00 Call	-3	-\$5,2783	\$1,583.48	-\$2,190.00	Stock Option	-\$606.52
+YKYAG	Prudential Finl Inc Jan 2010 35.00 Call	-3	-\$10,6182	\$3,185.47	-\$2,550.00	Stock Option	\$635.47
+YMOAE	Petroleo Brasileiro Sa Petrobr Sponsored Adr Jan 2010 25.00 Call	-3	-\$6,4982	\$1,949.47	-\$2,640.00	Stock Option	-\$690.53
+YPXAF	Freeport-McMoran Copper & Gold Jan 2010 30.00 Call	-3	-\$6,7282	\$2,018.47	-\$2,520.00	Stock Option	-\$501.53
+YYKAE	Ishares Tr Msci Emerg Mkt Jan 2010 25.00 Call	-3	-\$2,6583	\$797.48	-\$1,800.00	Stock Option	-\$1,002.52
+YZGAG	Walter Inds Inc Jan 2010 35.00 Call	-3	-\$11,1482	\$3,344.47	-\$4,260.00	Stock Option	-\$915.53
BAC	Bank Of America Corporation	300	\$22.6888	\$6,806.63	\$7,251.00	Equities	\$444.37
BTU	Peabody Energy Corp	300	\$33.7417	\$10,122.50	\$10,353.00	Equities	\$230.50
BUCY	Bucyrus Ind Inc New	300	\$20.1417	\$6,042.50	\$7,239.00	Equities	\$1,196.50
CHK	Chesapeake Energy Corp	300	\$20.2417	\$6,072.50	\$6,591.00	Equities	\$518.50
CLF	Cliffs Natural Resources Inc	300	\$27.2646	\$8,179.37	\$8,097.00	Equities	-\$82.37
EEM	Ishares Tr Msci Emerg Mkt	300	\$19.4270	\$5,828.09	\$7,629.00	Equities	\$1,800.91
EWZ	Ishares Inc Msci Brazil	300	\$29.0117	\$8,703.50	\$11,298.00	Equities	\$2,594.50
FCX	Freeport-McMoran Copper & Gold	600	\$27.4367	\$16,462.00	\$17,436.00	Equities	\$974.00
PBR	Petroleo Brasileiro Sa Petrobr Sponsored Adr	300	\$23.1617	\$6,948.50	\$8,067.00	Equities	\$1,118.50
PRU	Prudential Finl Inc	300	\$32.5217	\$9,756.50	\$9,000.00	Equities	-\$756.50
SWN	Southwestern Energy Co	300	\$26.2417	\$7,872.50	\$10,686.00	Equities	\$2,813.50
WFC	Wells Fargo & Co New	300	\$30.0817	\$9,024.50	\$10,215.00	Equities	\$1,190.50
WLT	Walter Inds Inc	300	\$33.7117	\$10,113.50	\$11,625.00	Equities	\$1,511.50
X	United States Stl Corp New	300	\$35.5517	\$10,665.50	\$11,064.00	Equities	\$398.50

**Total Unrealized Gain-Loss:**

**\$6,601.03**