Worth Charting
January 7, 2024

**JPM Current Price**: $172.27

**Action**: Selling a strangle (selling Calls and Puts) before earnings this Friday

Feb 16th $180 Calls: **$1.88** (selling them for a credit)
Feb 16th $160 Puts: **$0.98** (selling them for a credit)

Total Credit: **$2.86** ($1.88 + $0.98)

**Scenario 1:**

JPM stays between $180 and $160 between now and Friday, February 16

**Outcome**

Keep the entire $2.86 credit
$2.86 = 1.67% of the value of JPM
1.67% = 14.5% annualized return

**Scenario 2:**

JPM rises above $180 between now and Friday, February 16

**Outcome**

One is short JPM at $180 but keeps the $2.86 credit.
So, one is short JPM at $182.86 (6.15% higher) than where it closed Friday

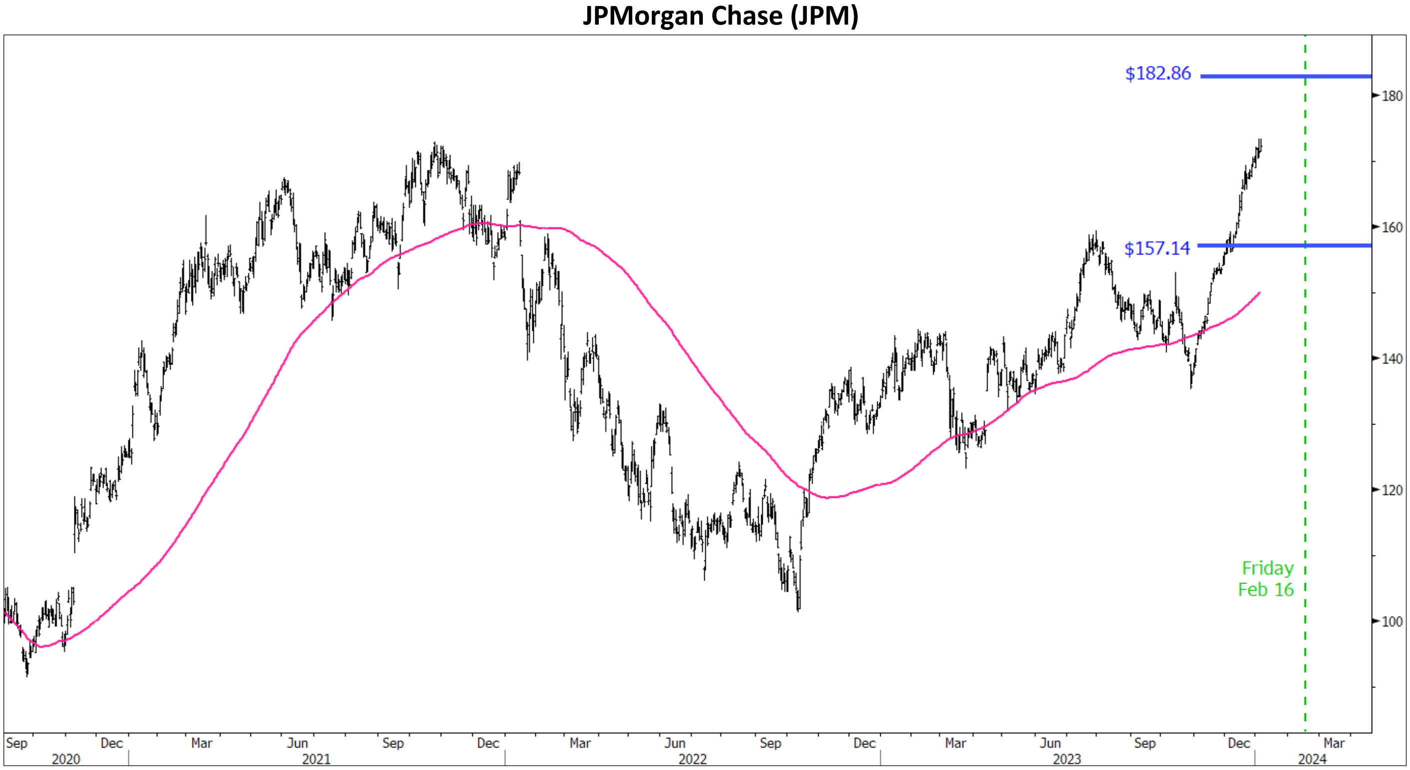
**Scenario 3:**

JPM falls below $160 between now and Friday, February 16

**Outcome**

One is long JPM at $160 but keeps the $2.86 credit.
So, one is long JPM at $157.14 (8.78% lower) than where it closed Friday

**JPMorgan Chase (JPM)**



**Bottom Line:**

If one is thinking – as we are – that JPM is stretched day to day, week over week, but one doesn't want to short the stock here, but would be interested in shorting it higher (or buying it lower) ... then selling a **Strangle** is a good 6-week play, by our work.

Simply stated, if one deploys this strategy, one is willing to:

- Get short JPM **6.15% higher** than where it closed Friday (see upper horizontal blue line drawn)
- Get long JPM **8.78% lower** than where it closed Friday (see lower horizontal blue line drawn)
- Collect premium & generate a "standstill yield" if JPM stays between $180 and $160 in the coming 29 sessions

**JPMorgan Chase (JPM)**