

PALOS

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Palos Weekly Commentary

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Options Corner

By Robert Mendel

What is the definition of 'Disruption'? Well, in the financial world it simply means a situation where the markets cease to function in a regular manner, typically characterized by rapid and large market declines.

In my world disruption means my little nephew Timmy bothers me while I am watching my favorite episode of WKRP in Cincinnati. Or when the dog jumps on my face at 5:18am so I can let him out. Or when my mother calls and tells me to come over and move some boxes for her. Great, not only am I being disrupted, but I am apparently a shipping company as well. And even this Tuesday evening, when the doorbell rings while I am getting ready for my daily foot massage with a package delivered by UPS.

Yes! Let's take advantage of all these disruptions. First my mother and now UPS. Surely a sign from the stock Gods. Granted Amazon is disrupting UPS' business and giving them a run for their money but the company is simply too strong to fall by the wayside just because of competition. So perhaps an opportunity. With a high of \$125 and now at \$98, it is trading off 21.5% and at 12x earnings this looks good to me. So, the following morning on Jun 26, I sold 15 June 28 97.5 puts for .80 cents -see below. If it stays above the 97.50 strike, I will make .8% in 3 days which equates to 99.8% annualized (yes I know, a little unrealistic to look at it annually, just like Les Nessman's office walls, but I digress) God Bless UPS, let's hope. And I will probably put on another position but will get through this week first.

UPS US 06/28/19 P97.5	-15.0000	0.27	-405.00	0.80	-1,200.00	06/26/19	795.00
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Putting together all this comedy is too tiring so I think will go back to my repeats for next week and take the rest of the summer off. Enjoy.

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