

# OptionView Trade Alert

## DBA (US)



### DBA

The most optionable soft commodity ETF on the US markets, DBA holds futures contracts in soft agricultural products including Wheat and Corn. Recent strength in commodity prices following a pull back to previous support has now pushed DBA into a technical buy position based on a 5/15 EMA cross on a daily chart.

With long term support evident around \$31.70, the longer term bought call as cover for the short term call legs, this should be placed below this price (current delta approx 7). With a buy/delay/write strategy in place this gives the potential for maximising income should buying continue.

### Strategy: Diagonal Call spread

#### Trade set up:

**Date of Entry: Thursday 7th July 2011**

**View valid for: 1 day**

#### ENTRY:

**Buy 10 Contracts Jan 12 \$30 Calls @ 3.70 per share**

**Delay/write SELL x10 contract August \$33 (Current price @ \$0.70/share = approx 18% yield)**

### Expected intra-trade management

When share price crosses 5 EMA then Sell ATM Call options over stock.

May close all positions out should stock be above strike price on expiry with approx 22% ROI guesstimate. Roll down sold calls on drop of underlying.

### Additional Comments:

May choose to sell calls tomorrow prior to weekend as US earnings season imminent. Though holdings of ETF not directly related, general anxiety re. earnings may push commodity process downwards

## Essential information

Horizon Professional Pty Ltd are a Corporate Authorised Representative (314938) for Romad Financial Services Pty Ltd AFSL (238 032)

References in this publication to data may rely on third parties over which Horizon Professional has no control and for which Horizon Professional accepts no responsibility. Whilst all of the information and statements contained in this publication are prepared with all reasonable care, prices outlined above will fluctuate on a constant basis during market hours and no responsibility or liability is accepted by any member of Horizon Professional Pty Ltd for any errors or omissions or misstatements however caused or arising. Any opinions, forecasts or recommendations reflect the judgment and assumptions of Horizon Professional on the basis of information as at the date of publication and may later change without notice.

This publication is not and should not be construed as an offer to sell or the solicitation of an offer to purchase or subscribe for any investment. This information contains unsolicited general information only, without regard to any investor's individual objectives, financial situation or needs. It is not specific advice for any particular investor. Before making any decision about the information provided, you must consider the appropriateness of the information above, having regard to your objectives, financial situation and needs, educational level, experience, competence and consult your adviser. It is strongly advised that each investor should have their own set of written criteria for entry, exit and position sizing in the form of a formal trading plan for any strategy they choose to trade.

Investment in financial products involves risk and may not be suitable for you. The decision to invest or trade, and the method selected, is a personal decision and involves an inherent level of risk and you must undertake your own investigation and obtain your own advice regarding the suitability of this product for your circumstances.

Each member of Horizon Professional Pty Ltd excludes to the full extent permitted by law, all liability of whatever kind, for any loss or damage of any kind (including without limitation indirect, incidental or consequential loss or damage, whether reasonably foreseeable or not) however arising in relation to the publication of this document, including any reliance on it or making any transaction in respect of any financial products or strategy mentioned in it. Any member of Horizon Professional may hold positions in any financial products included in this report (or derivatives of them) and may buy or sell such financial products or derivatives. A member of Horizon Professional may earn commission on brokerage, fees or other benefits from financial products mentioned in this publication or derivatives of them. These will be disclosed, as required, in the ordinary course of providing financial services.