

Futures Trade Opportunity

By:
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Market: Live Cattle futures bear spread

Opportunity: Buy Apr'20 Live Cattle (LE) futures @ Market / Sell Oct'19 Live Cattle (LE) futures @ Market on or before August 25, 2019.

Specifics...

Gross profit target is 130 points per spread.

Risk 55 points per spread.

Max hold time is until Sept. 3, 2019.

Current margin requirement for this spread trade is \$880.

[For example, assuming total commission & trade fees of \$10 / round turn, this trade would yield a net profit of \$510 if the trade was liquidated at the profit target. If the trade was liquidated at the risk target, the total loss would be \$230*]



Analysis...

Technically, the chart for this bear spread has broken to the downside. Fundamentally, this is a seasonal / cyclical trade - Cattle feedlot numbers are at or near their annual low but beef supplies are at or near their peak in August --- the month during which families on vacation prefer lighter, processed meats to heavier red beef, thereby driving this bear spread.

If have any questions or need assistance with this trade recommendation, please feel free to contact me by phone or email.

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* Required disclaimer:

There is a risk of loss in futures trading. Past performance is not necessarily indicative of future results. Seasonal trades track historical price cycles and have the benefit of hindsight. There is no guarantee that any seasonal trade will follow the same cycle as in previous years and as such, there is no guarantee of profit. The use of a stop loss order may not necessarily limit your loss to the intended amount.

You should carefully consider whether such trading is suitable for you in light of your circumstances and financial resources.