

Excela Equities Trade Note: Recommendation

28th September 2011

October CCL BEAR CALL CREDIT SPREAD

Quick Summary: Sell 12.00 OCT Call - Buy 12.50 OCT Call
Bank the premium, full profit with CCL Below 12.00 at expiry

Income Received: This trade today would generate \$2400 on 100 contracts

Projected Return: **Breakeven** CCL at 12.24, **WIN** CCL below 12.00 keep entire income

Risk on Trade: **Exposure** of \$2600

Trade Timeframe: 4 weeks

Time to Act: NOW. Today. This trade won't be available long.

[Talk to your broker about this trade](#)

Trade Explained

Coca-Cola has rallied strongly since the August 9 lows of \$10.04, currently trading at \$12.15 or 20% higher, it now looks like it may be about to lose its *fizz*. We feel CCL is overbought and faces resistance around the \$12.50 level where it sold off heavily late last year. The chart indicates an exhaustion rally over the past three days and has sold down heavily today on Broker price target downgrades. The Bear Call spread will profit if the share price reverses and trades below \$12.00 at expiry on the 27th of October.



Trade Fundamentals:

CCL has held up very strongly in the latest market weakness, we feel that earnings growth is limited and thus so is the upside price potential. We feel it is likely that investors may cash in on their profits and sell CCL to rotate their cash into more oversold and cheaper equities.

Trade Technicals:

CCL faces strong technical resistance around the \$12.50 level which is the recent all time high last seen late 2010. There is also a Bearish stochastic divergence in play and a Bearish Harami candlestick pattern.

Trade Execution:

Sell 100 October \$12.00 Call Options @ 0.39 cents each
Buy 100 October \$12.50 Call Options @ 0.15 cents each
= Net credit of 0.24 cents per contract

Credit Received

Total credit received = \$2400

(.24 cents* 100) * 100 contracts = \$2400

Maximum Risk

The **maximum risk** on this trade is 26 cents per contract or \$2600 if the full 100 contracts were traded. This would occur if the CCL share price was above \$12.50 at expiry.

The **breakeven** on the trade occurs at \$12.24.

****NB: Prices are indicative of time when note was prepared and are subject to change; trade size may be adjusted to suit personal risk appetite; all calculations do not factor in commissions, GST or ACH costs.**

To participate in this trade please contact your Excela broker on (07) 3308-1808



excela equities **TRADE NOTE**

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