

Around the Clock with SPX

[00:00:00] Got a dog under my feet. Hey dog. What are you doing?

[00:00:05] He's a big dog

[00:00:07] doing friends. It is Ernie here and it is Monday another zero DTE day, November 15. And we are just, one week away, less than one week away from a very, very important event or change in the market. An extremely important change in the market. That's going to make a huge difference for a zero DTE trader.

[00:00:36] First of all, let me just, for those of you who do not know what, is Zero DTE? Oh my God, what are you talking about? Zero DTE stands for zero days to expiration. That is something referring to people who trade options and in particular, it's referring to the options contract and that very last day of expiration when it's no more and all the premium gets sucked out of it, exponentially and people who are selling that premium are smiling.

[00:01:09] People who are going long, those options are usually not smiling anyways. That's what we do here. We do strategies that trade the very last day of expiration or zero DTE. And most people, when they employ some strategy around that event, they are trading the SPX. Now the SPX has some limitations, and it also has some things that are good about it for trading the Xero DTE, and probably the best for people who are afraid of options is the fact that it is cash settled.

[00:01:49] And you don't have to worry so much about whether you go into expiration. You're not going to get assigned a big contract. You can't get assigned an SPX because the SPX isn't real. It's just a calculated index by dog.

[00:02:04] So that provides some level of comfort. The margin is very large and the commissions on it are relatively affordable. The problem is that it only trades during market hours. So, you're missing out on this wide range of time. That happens when the world is happening and the S and P is happening, but the index isn't happening, what's going on there.

[00:02:30] The world is going on all around us. The futures contract is out there tracking the world, but the index itself is not. And so that is extremely limiting about when you can enter a trade or. When you can, when you entered the trade

has a lot to do with how much premium that you can, amass in that particular position.

[00:02:55] And the fact that you cannot do it until the market opens is again, very, very limiting, but that's all gonna change in a week because on November 21st, the CME has decided that they were, they are going to trade. SPX the index around the clock, 23 hours a day. Now not 24 hours a day, 23 hours a day.

[00:03:19] There's always one hour of rest. Just like with the futures. It'll be between the hours of 5:00 PM and 6:00 PM on weekdays. It'll close on Friday at five. It will open back up on Sunday at six. And then every other day after that, it'll do the same thing closed at five, open at six closes at five, open at 6 23 hours a day, five days a week.

[00:03:48] I guess you could say five and a half days a week or something like that, but it will be a good thing because it will provide an, a tremendous number of opportunities. Now there is one drawback with the SPX and it's big. It is a big, there are two big drawbacks depending on how big your account is.

[00:04:11] But the biggest drawback in my view is that because it is only a calculated index, there's no volume because it's not real. No, one's trading the SPX, the trading options on it. And what it would be. It's like trading the weather. You can buy futures on the weather, but you cannot be assigned the weather. That's the same thing with the SPX. You can't be assigned it cause there's nothing to be assigned. So

[00:04:39] because it has no volume, that means that you cannot do any serious analysis on the index itself. So, you must use a product. And the only proxy that exists is the futures, the E-mini S&P futures. So that's what we do now. Generally, we trade the E-mini 23 hours a day. And when we get into the trading day, if we're going to open a Xero DTE trade, we'll typically open it up with the SPX.

[00:05:05] But most of our trades are opened before the market even opens, because there's so much opportunity that's been missed by the SPX, but now you'll be able to do. The other thing, the other drawback of the SPX, as I had mentioned earlier, when you have a smaller account, is that the SPX is treated just like any other stock.

[00:05:29] And so if you're trading the zeroed DTE the very last day of expiration, naturally you're opening a trade and closing it in the same day. Open and close the SPX in the same day. You can only do those three times in a five

day rolling period. Otherwise, you get tagged a P a pattern day, trader a PDT you a PDT.

[00:05:54] And if you become a PDT, your broker will shut you down. It's beyond the broker's control, but they will shut you down for 90 days and it wouldn't, and it won't matter if you go to another broker or whatever and try to open up another account there. They're going to shut you down to that is if your account is small under \$25,000.

[00:06:17] Of course, if it's above that, then that doesn't apply to you. But most of the people that are trying out this for the first time may have smaller accounts. I would say that 50% of the people that are coming into my service probably have those smaller accounts. So, they must be very careful when trading the SPX and that won't change when they go to 23 hours a day.

[00:06:39] Now, if they could just get rid of that stupid damn. Or rule or whatever it is that would be wonderful. And have mother government stop looking after its children because they're not their children. Anyways, that's one of my frustrations pattern day trader rule. Give me a break. It's like not allowing online gambling.

[00:07:04] This is online gambling, is it not? We won't call ourselves gamblers, but anyway, this is going to be huge for zero DTE because now we have both indexes and the advantage for us will be to take advantage of that ability to go very, very close to the exploration without worry of not being able to get out of your position for fear of being assigned.

[00:07:32] We won't have that additional thing. Plus, we'll have, lowered commissions, although with. Methodology of asymmetric trades, where we take very little risk for very large profit potential commissions really are not that big of a deal for us for other zero DTE strategies. It's a huge deal because they don't come anywhere close to the amount of premium that.

[00:08:01] They don't come anywhere close to the risk reward that we look at. They are the inverse. We take huge risks for very tiny rewards. So that commission to them is all important for us. We take small risks to huge rewards, so that commission is barely even an afterthought, but it will be good. Nonetheless, it's always nice to make a little bit extra.

[00:08:25] If you don't have to pay more in your commissions. That's the big news. I wanted to tell you that. And that's really the message that I am

conveying here in this episode. Number 56 of the zero dash DTE podcast. If you would like to try out our service. Now, let me just give you an idea.

[00:08:45] We trade Monday, Wednesday, Friday of every week, unless there's a holiday on Monday or Friday, then we'd do Tuesday or Thursday. It's a one-day trade. We average somewhere around 150 to 200% return on our risk. Now, how does that differ from other zero DTE outfits? Well, they're looking to get five or 10% return on their risk.

[00:09:11] They are biting their nails, anxiety ridden, scared as hell that they are going to max loss. And so, they're willing to grab that tiny, tiny, little bit of premium to try to avoid a max loss that could essentially wipe out their account where our risk is so small that we never worry about a max loss, a max loss to us, it's nothing we just move on to the next trade.

So, if you'd like to try that out, go to zero dash don't forget the 0-dte.com 0-dte.com/try give you four-week trial. If you like, what you learn and make during that trial, then I'll rebate the cost of the trial to you. There you go. All is good. And we are looking forward to.

[00:10:16] Trading around the clock with the SPX, the index, the big they call it the big index. All right. I want to thank you all for showing up here. This is going to be a short one. Take care. Hope you have a great day. We'll see you on Monday for another Zero DTE. Oh, by the way, we have a trade on today, which looks like it's going to work out very, very well.

[00:10:39] We're consolidating after a pullback. Beyond me why this market hasn't really dropped much, much further considering the CPI numbers that we got last week and that we are now at a rate of inflation that is greater than any time going 30 years back. You might go well beyond that because of the new way that they calculate inflation, but why this market has not dropped is intense.

[00:11:09] It doesn't make any sense. Ahead of them is just, I don't see anything great ahead of us. Quite frankly. Inflation at six years or 6% inflation at over 6%, that means that in five years, in just five years, your dollar is going to be worth half of what it is now, half in five years. That's what 6% inflation means besides the fact that everything that you buy, everything that you use is more expensive.

[00:11:47] And why isn't the market reacting to that? Do they not believe it? Do they believe the crap? The other crap that is ordered, or I already said ordered from the fed this whole idea of transitory inflation. Everybody knows that's for

us. Why do they like. I don't know, but I think that sooner or later it's going to knock them upside the head and the market will come to its senses and do what it must do, but that's okay.

[00:12:18] We're trading one day at a time. We are not affected by these fluctuations in the market. All we care about is that final moment when we come to exploration. All right, that's all I've got to say now. Promise. Thank you very much for showing up. We'll be here Wednesday for another zero DTE podcast. That's 0-dte.com/try peace.

[00:12:45] Okay. Now to find the off button there it is.