

OptionsWest

Trading Service Pointers

Covered Call Trades and Earnings Season

Placing OptionsWest Style covered call trades during earnings season is problematic. Every company traded publicly in the market reports its financial information 4 times a year, once each quarter, and they do so on the date of their choosing. They can also change their minds and move the date around a bit, although this practice is rare.

The general rule is that we do NOT want to place trades that have an earnings report during the active period of the trade. Earnings reports are notorious for being a negative catalyst for the movement of a stock, even if the report is positive, and so avoiding earnings reports is highly preferred. Sometimes almost all the possible stock trading vehicles have an earnings report that falls within the options trading month. In this situation we look to an ETF list that is located on the Members website, since ETF's do not have earnings reports we are free to place trades with these vehicles.