



Trade 7
Short XPO

	Date		14-Mar-22
	Security		XPO
	Long, short, other		Short via puts
	The idea	Idea source	Elevator pitch
Events or news			Stadium curse in effect!
Deviation from fair value			-
Pattern recognition / indicators			Nice rally to sell on the spinoff news.
Filters	Tailwind or headwind and why?	Narrative cycle	Logistics narrative has peaked as indicated by the stadium curse
		Positioning and sentiment	Short interest is tiny
		Events and catalysts	No earnings until May
		Correlated markets	S&P 500 = 65% r-squared
		Technicals	Nice spike to sell into after the spinoff news. Trendline and horizontal resistance at 74
	Alternative hypothesis	What might go wrong? Pre-mortem	Russia war and China COVID make supply chain problems even worse

Tactics	Trade structure	Best asset, market, structure?	May \$60 puts for \$2.60	
		Microstructure considerations	No	
		Entry	2.60	Stick to the original plan
		Stop loss	no	
		Take profit	stock at \$53.50	
Other reassessment triggers		None. Stick to the plan.		
Conviction level		TYPE I, II, or III	TYPE II	
Risk management	Free Capital		\$	100,000
	% of free capital			2.00%
	\$ at risk			2,000
	Solve for position size			8 contracts
	Any issues with liquidity or capacity?		No. Tiny position.	
Execution	Execution notes (limit, market, etc.)		2.60 limit	
	Automate or outsource stop loss		N/A	
	Enter trade in journal		Yes	
Psychology	What emotions are involved here? Do I feel anything unusual? List emotions or possible pitfalls.		I really like this trade. It makes sense on a macro level, it should have time to play out and the entry point is nice. Feels good.	
Performance Analysis	Post-mortem			
	Lessons			
	What is working and what is not?			