

Apple is Excited About this Opportunity, Too...

We hope you've been enjoying these weekly recommendations so far...

Most have done very well, with the exception of a First Solar (FSLR) put that flopped recently. But most others have been flying, including those Palo Alto (PANW) September 115 calls, which have now run from \$10.40 to \$25.60.

Some trades are sitting at breakeven but still look great, including the cyber security ETF, HACK, Cubic Corporation (CUB) and the defense ETFs like ITA, XAR and PPA.

Then there were the gold ideas we shared right before gold fell from \$1,300 to \$1,249. The GLL ETF for instance ran from \$72 to \$75. Even the GOLD July 95 put was explosive, running from \$2.90 to \$6.50. The GOLD September 95 put even ran from \$5.40 to \$7.60.

We also highlighted short opportunities in oil stocks, such as Chevron (CVX) using the CBX August 105 put and July 105 put. Both are near breakeven points.

So we hope you've found some great use of these. And if you took part in any of these trading opportunities, we'd love to hear from you.

As for the next opportunity, we don't have to look any further than augmented reality, especially with Apple involved. In fact, Apple just acquired SensoMotoric Instruments, which specializes in eye-tracking technology useful in virtual reality and augmented reality.

That's big news.

For an understanding of the potential of augmented reality, look at the popularity of Pokemon Go months ago. It generated \$950 million after being downloaded 500 million times. It was all augmented reality.

Even Facebook, Alphabet, Google, and Sony, are pursuing AR with hardware and software, investing billions of dollars into headsets that help users experience virtual worlds. In fact, Microsoft has already introduced its \$3,000 Hololens for developers and business customers.

Even more exciting is how excited folks like Tim Cook are at Apple.

According to a new Bloomberg Business Week article, Cook says:

I think it is profound. I am so excited about it, I just want to yell out and scream. The first step in making it a mainstream kind of experience is to put it in the operating system. We're building it into iOS 11, opening it to developers—and unleashing the creativity of millions of people. Even we can't predict what's going to come out. There's some things that you can already get a vision of. We've talked to IKEA, and they have 3D images of their furniture line. You're talking about changing the whole experience of how you shop for, in this case, furniture and other objects that you can place around the home. You can take that idea and begin to think this is something that stretches from enterprise to consumer. There's not a lot of things that do that.

You'll see things happening in enterprises where AR is fundamental to what they're doing. You're going to see some consumer things that are unbelievably cool. Can we do everything we want to do now? No. The technology's not complete yet. But that's the beauty to a certain degree. This has a runway. And it's an incredible runway. It's time to put the seat belt on and go. When people begin to see what's possible, it's going to get them very excited -- like we are, like we've been.

When an Apple executive gets that excited, it's time to take a position in related stocks.

The good news is that there are three ways to trade the potential boom. One way is with a pure-play

trade on augmented reality with Himax Technologies (HIMX).



HIMX is a fabless semiconductor company, provides display imaging processing technologies to consumer electronics worldwide. The company operates through Driver IC and Non-Driver Products segments. It offers display driver integrated circuits and timing controllers used in televisions, laptops, monitors, mobile phones, tablets, digital cameras, car navigation, and other consumer electronics devices.

The company also designs and provides controllers for touch sensor displays, liquid crystal on silicon micro-displays used in palm-size projectors and head-mounted displays, light-emitting diode driver ICs, power management ICs, scaler products for monitors and projectors, tailor-made video processing IC solutions, and silicon IPs. In addition, it offers digital camera solutions, including complementary metal oxide semiconductor image sensors and wafer level optics, which are used in various applications, such as mobile phone, tablet, laptop, TV, PC camera, automobile, security, and medical devices. The company markets its products to panel manufacturers, agents or distributors, module manufacturers, and assembly houses; and camera module manufacturers, optical engine manufacturers, and television system manufacturers.

Traders have been buying the HIMX December 9 calls, as well as the January 2017 10 calls, which currently show open interest of 24,521 contracts.

Even Finisar (FNSR) is a potential runner.



Reportedly, the company may have scored a design opportunity with the next Apple iPhone with its vertical cavity surfaced emitting laser (VCSEL) that can be used in 3D sensing applications. Apple is expected to use that to enable augmented reality in the phones, as well.

Traders have been heavily drawn to the FNSR September 2017 24 calls recently. Others like the December 28 calls.

We can't ignore that potential at all.

Trading it with an ETF is another popular choice. With all of the excitement in the sector, the Van Eck Semiconductor ETF (SMH) is still running higher. In fact, smart traders are using the latest pullback as a buying opportunity.

SMH VanEck Vectors Semiconductor ETF NYSE

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28-Jun-2017

Open 83.51 High 84.27 Low 82.58 Close 84.10 Volume 3.9M Chg +1.20 (+1.45%) ▲

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