[Insider Intelligence Trade Alert]: Profit from higher mortgage rates with this home builder stock

Trade Idea: Lennar Corp (NYSE: LEN)
Price At Alert: \$113.50

Buy Limit: \$119.78 Stop Limit: \$91.50

Options Contracts: LEN 15 SEP 23 113 CALL (Conservative)

LEN 15 SEP 23 115 CALL (Aggressive)

With the 30-year mortgage rate ticking above 8%, the housing market is grinding to a standstill.

For all the people who bought a home at super-low interest rates during the last decade, it simply doesn't make sense to sell their house.

Of course, this means prospective buyers are simply out of luck.

Not only are houses more expensive than they've ever been, but there's just plain less of them to go around.

Funnily enough, this is a boon for home builders. It's simple supply and demand.

There are less homes for purchase than there are buyers, therefore more homes must be built.

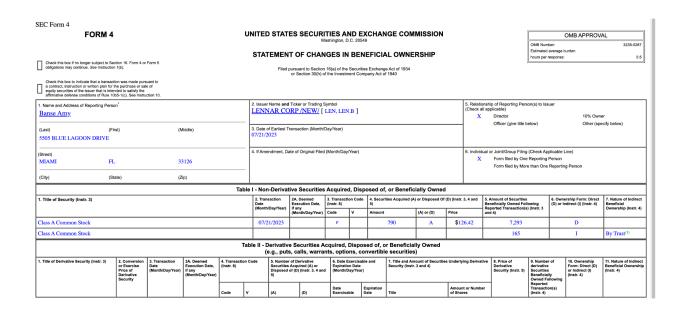
And the lack of inventory is expected to last for years, which should provide continued support for homebuilder stocks.

Warren Buffet seems to agree. In the latest 13F filing for Berkshire-Hathaway, it was revealed that Buffet and team initiated positions in three home building stocks — DR Horton, Lennar, and NVR.

Berkshire now holds 153,000 shares in **Lennar Corp (NYSE: LEN)** — our pick today — worth roughly \$17.2 million.

In addition to Buffet, board member Amy Banse made a recent purchase as well.

She bought nearly \$100,000 worth of shares on August 21st.



On the chart, the price has been bouncing inside an ascending channel for quite some time.



Over the past couple weeks, there's been a sharp drop. However, the latest period is showing some compression with low volume.

I believe this means the sell-side is getting worn out and we could see a jump over the next few weeks. I'm shooting for the price to at least hit the resistance band — which would put the price at \$130.

This would give us a good win with both our options trade ideas.

Speaking of that...

I'm trying something new out this week. If you didn't notice, I've included two options contracts up at the top.

I know my readers have different risk profiles, so I'm trying to give a little something to everyone.

For the more conservative investors reading this, I've given you an in-the-money option at a \$113 strike price.

For those willing to take on a little more risk (for a little more reward), I've included an out of the money option that you can try if you want.

As always, never risk more than you're willing to lose and paper trade until you've gained some confidence.

Any questions?

I'd love to hear 'em.

To your wealth,

Alex Reid