

# December 2023 Live Help Sessions

TradeMachine® Live Help 12-28-2023: Spread the Dip AI (1x3x2)



Ophir Gottlieb ([00:02](#)):

And then I'll pause.

Max Katz ([00:04](#)):

Hi Amanda.

Ophir Gottlieb ([00:06](#)):

Welcome everyone to the live trade machine help, which is via video twice a week. It'll be Tuesdays at 11:00 AM Pacific, 2:00 PM Eastern. So during market hours on Tuesdays. On Thursdays it's aftermarket hours for people have different schedules. So it's 4:00 PM Pacific or 7:00 PM Eastern as in now. You also have Max every trading day in community. I'll show you how to do that. If you don't feel comfortable. If you don't want to watch live video, if you don't like live video, if you don't like asking questions, live video, you can ask chat, ask Max and chat each lesson. Each live help will be purposeful. So I'm going to do something and then we'll do q

and a. Okay, so let do that. Oh, sorry. My name is Fu Gottlieb. I'm the CEO of Capital Market Laboratories. I'm a former option market maker on NYC, ARCA and sibo.

[\(01:04\)](#)

I'm a former hedge fund manager, former managing director of quantitative research for a company that was purchased by MSCI, patent holder of the fraud swap, Stanford mathematician, that's Max Katz, former commodity option market maker for almost two decades across several different exchanges as the world changed with exchanges ending up on the New York Board of Option Trade. He's also been a trade machine member for six or seven years and so he seven years. So he's kind of our face in community, like our ambassador member and he's clearly here on live help. Okay, if anyone wants to know more about me, I have a whole bio, but I don't want to, I'll just send you a link. Okay. Alright.

Max Katz [\(01:48\)](#):

Can I just interrupt you for a quick second to say that Trader Susan is here so I have to be on my best behavior. I want her to know that I wore my white shirt and red tie

Ophir Gottlieb [\(02:00\)](#):

Up. Tighten it up Max

Max Katz [\(02:00\)](#):

Just in case she showed

Ophir Gottlieb [\(02:02\)](#):

Up. Tighten it up Max. Tighten it up. All right, I'm going to stop sharing my video. You should hypothetically see my screen. Max, why don't you kill your video and do you see my screen? I stop going. Yeah. Do you see my screen?

Max Katz [\(02:21\)](#):

Yes I do.

Ophir Gottlieb [\(02:22\)](#):

Excellent. Alright, friends and family, let's do this First it is claimers. The results here are provided for general information purposes. As a convenience to you, the viewers, the materials are not a substitute for obtaining professional advice from a qualified firm or corporation. This is not a solicitation to buyer sell any security ever and even further, this is not advice, past performance is not necessarily indicative of future results. Alright? I am going to start this webinar the same way every time and we're going to be doing help for the next two decades and it's always going to start the same. So get comfortable with these slides. Number one, to be a successful trader, you need to focus on the long arc of a career. Not on Thursday, not on a Wednesday, not on a February, not on a December. Take a deep breath, it ain't a sprint.

[\(03:18\)](#)

You will need a process which most people in finance call a plan trade machine was built for this. It's exceptionally good at this. If we were not human beings and we were machines, in fact,

all you would need is a process because what is a process? A process is what to trade, when to open the trade and when to close the trade. And if you think about it, if you think about it, that's all you would need, right? If I knew what to trade and when to trade it, when to close it, then I'm a successful trader. But you are human. I think you're fortunate to be human. So it isn't enough to just have a process plan. Otherwise I could sell trade machine as the end all be all. But I cannot do that because I'm too honest and trade machine is not the end all be all. And just being a trade machine member will not make you wealthy. It will not make you a successful trader. You will not be this just because of trade machine. And you say, well, why not? Because you need two other things and those things trade machine can't give you like what?

[\(04:19\)](#)

Patience for some patience is easy. For some patience is hard. You have to have patience in your plan and yourself, believe in yourself enough to have patience with yourself, okay? And you say, well, okay, I happen to be a patient person. I'm not, but you might be saying that. So if I happen to be patient person and I have trading machine, does that mean I'm going to be successful? Not enough. You're also going to need to put in the effort and effort has two parts. The first part you're not going to like, it's probably going to be harder than you think it will be. And I know that's different than everything you see on YouTube. When you see a signal and they just follow their ai, you have 80% win rates and you'll just be rich and it just isn't true. You must know somewhere deep inside of you that isn't true, right? There must be some part of you that sees that as like that's just not real.

[\(05:20\)](#)

So that's the bad part of effort. It'll probably be harder than you think, but there is a good part. If you are able to get past it being harder than you think, it's probably going to be more satisfying than you think. That's just the nature of humanity. When things are harder than we think, but we do it, it's more satisfying. It just is. That's what it takes to be a successful trader. Focusing on the long of a career process, patience and effort. Alright, last sessions. We talked about when a stock has dropped and it might recover. So we did the spread, the sell off plus ai. We looked at tech with Nasdaq 100 financials. We looked at buy the sell off with ai. That's also when a stock has dropped and might recover. And then we looked at tech, financials and healthcare. I started expanding how to look at various industries and sectors so you can have a portfolio of alerts or trades.

[\(06:14\)](#)

Then we looked kind of changed things and said, okay, it's no longer when a stock has dropped my recover. It's when a stock is above its 50 day moving average and we're actually looking for a bullish continuation of bullish momentum or what I call optimism with the pre earnings momentum diagonal. I looked at tech, financial and healthcare. We looked at multiple timeframes and I also showed you when something does not work. Oh sorry, then I did fade the dip. Pardon me? That's when a company is recovering. It's 200 day moving average. It's gone from technical failure and it's recovering.

[\(06:50\)](#)

We looked at four different sectors. I showed when maybe you shouldn't do something in an entire sector. I showed you for me, when an entire sector behaves in a certain manner over three years, I'm just going to skip it for the year. In other words, I'm going to do fade the dips plus AI in 2024, but I'm not going to do any of the NASDAQ 100. And I said why? These are all available for recording. So if you're wondering why you could just watch. Now, one thing I said last time was this, I want to do this again. So that's what I'm going to do tonight. I'm going to do spread the sell off plus say again, I got better after I did these and I was like, I didn't do this, I

didn't do this justice in particular because this is the most difficult one. So I bit off more than I could chew, not unlike me. So that's what we're going to do today.

[\(07:41\)](#)

No more slides. You're welcome. We'll just eat trade machine. So we are going to go to the back test tab. We are going to go to saved back tests. Everyone has this. Everyone has these saved back tests. You can add your own, but everyone has these and tonight we're going to do spread the selloff with ai. It's a put ratio, spread a one by three by two. I'm going to explain that better than I did last time, but just for nomenclature, that's what we're doing. And you just click load and let it do its thing. It's going to load a single ticker, it loaded Amazon, no problem. You'll notice that it loaded Amazon for three years, but the three years ending in October. But I want the three years ending now. So I'm just going to click the three-year button. Okay, we'll just start with one ticker before we go to portfolios and look at different sectors.

[\(08:41\)](#)

Okay? Alright. Now you'll notice that this is up to the current date. Great. Before we start looking at how this goes on portfolios and why it works and why it doesn't work, let's first just try to understand what's going on. First things first, when does this trigger, we don't even know what we're doing yet, but let's just know when it triggers before we do whatever we're about to do. So you can see it right here. I actually like to go to the technical open and just look at it that way. It's the same information, it's just easier for me to look at it this way. So okay, when does this thing happen? Having not defined what thing is, there's some trade we're going to do. I haven't said what the trade is yet, but I know that these things have to happen first. These four things have to happen and all of them have to happen for it to trigger and this and this and this and this.

[\(09:34\)](#)

Number one in the last 30 days, the stock is down 10% or so. We're looking at a stock which in the last 30 days has corrected in market jargon. A correction is when a stock is, well, when a stock or a market is down 10% or more, we call that a correction. And then more than 20% we call a bear market. So this stock has corrected it's down a fair amount in 30 days. That's number one. Number two, so also the stock is below the 200 day moving average in my speak. When a stock is below the 200 day moving average, I consider it in technical failure. So the first just we have two more things to do, but the first two elements of this are one, the stock is dipping pretty hard in the last 30 days and the stock is in technical failure.

[\(10:29\)](#)

Those are two things now and now I need a third thing and the six month asymmetry of returns. So the skew is negative, which means that the probability distribution, the returns are leaning to the left. There's more downside days than upside days in the last six months. If you want to learn more about SKU and things like that, you can click that and there's a whole video which really explains at least a portion of our ai. I don't give the full algorithm but a portion of our ai. So 1, 2, 3. And then the fourth thing we need is in the last year the ness of returns is below zero. That means when there's a really big move for the stock, a tail move, it's bigger on the downside than the upside. So this stock is really in trouble. This stock is in trouble, this stock is in a correction, it's in technical failure, it's asymmetric to the downside.

[\(11:26\)](#)

And when it has big, big days, the big days tend to be bad. That's pretty bad, okay? That's the technical open and that's why the strategy is called spread the sell off. The sell off part is what we just looked at. This is a sell off. This is a downright straight down the middle stock that is

selling off in almost every way you can measure it. Okay? There is a closing rule before we even discuss what the trade is that says at 80% gains, close it, you're done. You're out. Okay? That's what trade machine says. If you have an 80% gain, again, I haven't even told you what the strategy is yet. I'm just telling you whatever the strategy is, if you have an 80% gain, close it.

[\(12:11\)](#)

And the last rule is never trade earnings and never trade earnings means this. I'm going to draw a little picture for you. Let's say earnings are right here, okay? Let's say this is a timeline. I know I'm drawing with my hand and it looks terrible and each tick is a day. So this, okay, and I'll just make it clear. This is earnings day. This is earnings day. Whatever trade earnings says is this period of time, sorry, I should have included that. Fix that. The period of time, two days before earnings all the way to two days after earnings, that's a no. It doesn't matter if it triggers, it doesn't matter if all those four things I said happened, doesn't matter if it's below the 200 day moving average. Doesn't matter anything, there is no trading now and not only that, if the trade opened here, so three days, so five days before earnings, the trade poses here.

[\(13:16\)](#)

This is a no trade zone. If you have an open trade, close it. If you get a trigger, ignore it. It's the no trade zone. This is a never trade earnings trade. Okay? So now what I've done for you is I've told you everything that will trigger the trade to happen and when to get out. What I have not done is told you what this trade is. What is this trade, this magical trade. So we'll go down, it's a custom strategy. I'm going to click edit. So first I'm going to talk about it in words. By the way, max, you'll see that we got this back to 30. So I'm going to talk about what it is in option speak and then I'm going to show you a picture of what that option speak looks like when it comes to a p and I. In other words, what exactly are you speculating on? Because these are all speculations, right? So lemme pull that picture up before, fuck hypothetically, I should have had this ready but I didn't. So lemme look for the images.

[\(14:28\)](#)

Alright, I'll find it in a second. Here we go. Webinar files and images. Alright, let me first talk about it. Okay, this is, so a few things I want to note about this strategy before we go over it. This is what we're looking at. First of all, it's all puts, okay? There's no calls in this strategy. This is all puts. So no matter how complex this feels, I want you guys to remember something about option trading. It's very important no matter how complicated something is, it's either a call or a put. Those are your only two choices and you're either longer, short. Those are your only two choices. That's it. That's the most complicated. A strategy can be calls and puts long and short. That's it. So just take a deep breath. It ain't that complicated. I'm not saying that you should do every trade, I'm just saying try to get over that mental hurdle that says, oh, this is impossible.

[\(15:24\)](#)

No it's not. It's calls and puts and it's long and short. That's all. It's okay. And this is only puts number one. Number two, it has three legs. I'm doing three different things. I'm getting long. A 37 delta put, so I'm getting long and out of the money put and they're all the options are 30 days to expiration. All the same expiration, okay? Hopefully this is showing you that it's not quite that complex. Same expiration all puts. Okay? So you're getting long, a 37 delta put, getting long and out of the money, put one time, then you're selling, getting sure a 25 delta put that's even further out of the money. Three times. Three times.

[\(16:14\)](#)

And then finally, in order to make sure you don't have naked risk at this point in the trade, you're now short two options. So you get long and even further out of the money. Put two times and

that makes us long 3, 2, 1 and three and short three. So this trade is covered. So that's what the trade is and say, well what does such a thing do? What does such a setup do? This is what it does. This is what it does. If this is the current price, this line right here, and this is the 37 delta put, the 37 delta put is out of the money to the downside, you actually start making money as the stock starts going down. First of all, you make money if the stock goes to infinity, wherever it is, you're making money, green means you're up. Good job, you get your credit.

[\(17:12\)](#)

This trade must be done for a credit and the credit is what you receive if the stock goes up. If the stock starts going down, you actually make most, this is where your max gain is, it's at the 25 delta. But remember one thing about this, we're short three of these, so when we get here, no problem, but if it goes through this strike, oh, starts going down fast, right here is where our loss is capped. That's where we bought those two 10 deltas, those two 10 delta puts. Okay? So this is what your payoff looks like. So now think about it for a second. It's a stock which is in a correction. It's below the 200 day moving average. So it's a technical failure, it's asymmetric to the downside, its tail moves are to the downside. This strategy makes the most money if it goes down even further, makes just fine money. If the stock recovers, it does the worst. If the stock totally collapses, it's covered. So you're not going to lose, everything's fine. It's covered trade, you know your risk. But that's the idea. The idea is to take a stock which is in a correction, which is in technical failure, which is asymmetric to the downside, which has downside tails and says, I want to make money on every possible thing up and to around the 20 delta. That's the 25 delta rather. And this is where I want to introduce the idea of delta as a probability.

[\(18:36\)](#)

Some of you may know this, some of you may not, but a 50 delta option, which is at the money option, has about a 50% chance of being in the money. So delta can be used as a probability in the short term. And if you're wondering why not in the long term, it's a difference between the normal distribution and the log normal distribution in short periods of time. Those two distributions are very similar, but you can go further. What are the odds? At any one time that a stock goes to a 25 delta put about 25% said differently, there's a 75% chance the stock never gets here.

[\(19:18\)](#)

And if our loss starts right around 20 delta, it depends on the options This trade should have between a 75 and 80% win rate because there's about an 80% chance that this never happens. Or if you prefer there's a 20% chance this happens. 20% is big enough that we want to cover this trade, that we don't want to be naked short. So this trade should have from there to there is positive. Anything from here over we should make money. This trade should make money. That should be about 75 or 80% of the time. So when we do these back tests, let's look at the win rates. Is it true that we should be winning about 75 to 80% of the time? Are those the actual win rates? I'm going to leave this picture over here and we're going to take a look now. Now that we know what we're doing, we're looking at a stock that's selling off.

[\(20:11\)](#)

It's in a correction, it's in technical failure, it's asymmetrically down, it has fat tails to the left. And we're saying, I don't think it's going to go that much further down. If it goes a little more down, I'm in. I'm making even more money. I want to take this 80 20 risk because the stock is corrected enough that I don't think this 20 percent's going to happen very often. This, oh my gosh, let's check it out. Strategy is already loaded. Now I want to do a portfolio. Every trade machine member has these portfolios. I'm going to do it in the NASDAQ 100, but I'm going to do it in three sectors. Here we go. So what we're testing is over the last three years, how did this



idea of taking on a payoff that looks like this in a stock that is correcting in a stock that is in technical failure, in a stock that is asymmetric to the downside in a stock that has downside tail moves, what's the likelihood that disaster's kind of over, what are the odds that we're kind of over here should be between 75 and 80% win rate? And the question is not, will we have 75 to 80% win rate? The question is, will the wins be big enough to offset the losses? Because these losses can be big and these wins can be small. So let's take a look.

[\(21:28\)](#)

It's going down the list. If you want to get the ability to back test 200 simples at once, you need to be an annual member and you get your SPAC test speed is about five or 10 x faster. If you're just a monthly subscriber, no problem. You can only do 50 tickers at a time and your back test will be a little slower. But you can still do this. This is not limited to anyone, but if you want to be annual, essentially it's called a platinum member, please email support, just email support@cvis.com and we just take your monthly price and multiply it by 12. There's no special thing. Alright? My claim was between 75 and 80% win rate. Here's my chart. I said eh, 80 20, yet the win rate is 85%. It's performing even better than the options would imply, and that means at least in the last three years in this group of company, the options mispriced the risk.

[\(22:29\)](#)

We won 85% of the time and in the month it's a one month trade, the average trade was 28%. So in tech, relatively large tech, when it's correcting and it falls in technical failure and it's it's asymmetrically to the downside and the tails are to the left, you know what? That's when the bid comes. That's when institutions come in. Not for all tech. NASDAQ 100 is the 100 largest companies on the NASDAQ Exchange, right? That's going to include companies like Starbucks, but that's Tesla, Nvidia, Microsoft, apple, Google, Amazon, right? Meta boom. Here comes the bid. And that's exactly what the strategy is designed to do.

[\(23:18\)](#)

Now what do I do now that I see this? I sort it by average trade and I click the ones that I want to know when this happens. Those four technical events, there's no way I can track that on my own. I need a machine to check for me every day. So the ones that I want to know, I'm going to select. So KDP three wins, no losses. Biogen, one win, no loss. I'll wait for something better. Marvell, IS, gen, vertex Monster, Microsoft a ZN, Illumina. So guys, what I'm doing is looking at the wins and losses. I'm looking at the average trade. That's all I'm doing. A DP four oh oh, Atlassian eight and oh Ross stores 4.0 EXC. It's three wins and two losses, but look at the average trade. I'm cool with that. Regeneron, Texas Instruments. ea, Qualcomm, ODFL, CD NS. Lulu is a lot.

[\(24:20\)](#)

IDXX. Honeywell honey. Huh? I didn't know they were on nasda, thrown that. Okay, NXPI. Oops, close up. So I'm just going down and picking the ones I like. Tesla's three and oh full a MD four and oh, so you just go down the list and pick the ones you like. Autodesk, Costco, six wins one. Loss Micron, three wins, no losses. Workday, Amazon, ISRG. Meta. There's just a lot. Go, sorry, I got this up. So after you choose the ones you like and you're saying, okay, trade machine, can you tell me when this happens for these companies? Because there's no way I'm going to be able to look every day at these four things all coinciding at once. Just click add, alert.

[\(25:08\)](#)

Your tickers are loaded, the technicals are already loaded. All you have to do is click add alert. I like to add a note to myself. This is spread the sell off and just for my own sake, I know that I'm

getting it for the NASDAQ 100, click add alert, 33 alerts were created. I just created 33 trades for myself probably next year. Boom. Just like that. But I don't only want to look at tech because if all of my trades are in tech, then if tech is moving in a certain direction, let's say this is only when tech is, this is obviously when stocks are selling off. If the stocks are selling off and all of my trades are this, then when tech is doing great, I have no trades from trade machine because this only happens when stocks are falling apart. So what do I do with that?

[\(26:10\)](#)

Well, one version is, is to also look at other strategies, which we did in our prior sessions, but another is to recognize that sectors don't always move together. So let's do the same thing, but let's do it for financials. Let's see how financials did with this same idea of a trade. And remember this is the draw, right? Should have a win rate between 75 and 80%. The losses are going to be larger than the winners, but the number of winners should make it such that the losses are overwhelmed. If not, then we know, hey, I don't want to do it in financials. It's not worth it. Okay, so let's see what happens. And there are some great financials, by the way, JP Morgan Visa. These are some great companies that I like to trade

[\(27:00\)](#)

Nasdaq itself. All right, NASDAQ is listed on the nasdaq. How do you like that? All right, so here we are, an 85% win rate and an even better return. This is close enough to say it's the same as tech. So what does this tell us? This tells us that this thing we found where there's a bid in large companies by a bid, I mean buyers come in when these large companies go down. It's not just in tech, it's also in financials. And that makes perfect sense. Institutions are going to buy large companies in certain sectors. Tech and financials are like V two sectors. When is there not going to be a bid for JP Morgan or Visa or MasterCard or Wells Fargo or Bank of America or Goldman Sachs. When there's a selloff or American Express, there's always going to be a, I mean always is a big word. There's generally going to be a bid. So I'm going to sort this by average trade return, I'm going to start checking the ones I want. Oops, start checking the ones. I like two wins. I think that's an insurer. 11 wins. 10 wins, sorry, 11 wins, five wins, a IG.

[\(28:25\)](#)

Alright, let's get to some names that are more familiar. Visa only happened once. Good enough for me. Some of these other ones and financial

[\(28:41\)](#)

Is Goldie in here. Here's Goldman Sachs, right? Here's American Express, MetLife, Citigroup, right? JP Morgan, Aflac go down the list, say, Hey, I want to know when this thing happens for them too. So I click add alert. Same thing. Here they are. It's all set. I'm going to give myself the same note, but when I get my email, I want to know not only is this spread the sell off, this happens to be in financials. So I know XLF is financials. So to me that's a note. This is financial. Then I add the alert. So I've added 22. So guys together we've just added 55 trades for next year, 55 just in this very short period of time.

[\(29:29\)](#)

And you go sector by sector and see the ones you like. The one thing I wanted to show you is that if a sector on the overall level, on the high level, the summary level doesn't do well. I personally don't start looking for the best ones. I just skip the sector. You don't have to do that. You can say, yeah, I don't care if the sector is bad, I'll take the ones that did the best. That's not really my thing. I like to know that there's a bid in tech, there's a bid in financials, and because of that, now I want to take the ones that perform the best. I know what's under there. If this wasn't so good, I feel like maybe I'm cherry picking luck. That's personal. You don't have to do it. That's



why I don't do things like test the s and p 500. That's every sector. I don't care about that. I care by sector. Alright, so that is my presentation tonight that I hope I clarified what spread the sell off is when it happens, what it looks like, what the win rate should look like. It should be in the 80% range, 75% range or better. The losses should be larger than the wins. It's just that there's a lot more winners, right? If something has an 85% win rate, then there's seven wins for every one loss.

[\(30:50\)](#)

So this green part is happening seven times. This red part's only happening one time. Yeah, it's going to get you good returns. Okay, last two things. If you want to talk to Max, not during live help, click on community, watch it load. If you agree to the code of conduct, this will look a little different than your community. I'm beta testing the new one. Go here, he's at chat. Uncle pops say, Hey Max, I have a question and it is, then write your question and Max will get back to you. That's it. That's it. It's that easy guys. So if you don't not into live help and stuff, no problem. And if you said, Hey, if now I kind of want to see your prior things that you did, those other sessions, go to the learn tab right here, live help sessions for trade machine, click it. Tonight's will be, give Mandy a little time tomorrow morning. You'll have trade machine guidance, blah, blah, blah. 12 29, 12, 28, 20, 23. So we did buy the sell off pre earnings diagonal with ai, fade the dip with ai and then there will be the one today which is spread the sell off with ai. Alright, I'm done with my formal presentation. I'm going to stop sharing my screen. I'm going to share my video. So will Max and we will take your questions live.

Max Katz [\(32:28\)](#):

Beautiful presentation as always. I'm not obligated to say that, by the

Ophir Gottlieb [\(32:36\)](#):

Way. No, he just gets a raise.

Max Katz [\(32:40\)](#):

Alright, we're going to focus on the chat. So I hope everyone is putting their questions in the chat. Yes,

Ophir Gottlieb [\(32:46\)](#):

Please go to chat. Yes.

Max Katz [\(32:48\)](#):

Alright, we have a good evening gentlemen. Happy new year to all. May, 2024 bring you happiness and good fortune.

Ophir Gottlieb [\(32:58\)](#):

Absolutely. I feel like we could just end on that. Well said.

Max Katz [\(33:02\)](#):

Well said. Alright, trader Susan is drinking wine. She wanted to make sure everybody knew that

Ophir Gottlieb (33:10):

It's important. I feel that's fairly important.

Max Katz (33:13):

Some people like Mike Thai.

Ophir Gottlieb (33:15):

I like your tie.

Max Katz (33:16):

Thank you first for spread to sell off or any CML custom strategy. If the DTE choice is like today 22 DTE versus 50 DTE, what does CML choose max for closest to 30 days they choose, it chooses closest to 30 days. So it would go to the 22 skew means V SMILE is leaning towards puts, correct?

Ophir Gottlieb (33:51):

No. So this is a different sku. It's a really fair question and it's an unfortunate reality. The word skew is used twice. This is just bad luck. It is true that in option volatility, the S skew is the shape of the implied volatility across strikes, and that's normally what we're talking about with sku. In fact, for a very long time I was a S skew trader. The SKU I'm talking about is relative to return distribution, right? It's how the stock returns have leaned. And in order to see what I mean by that, you want to go to the learn tab, just type in skew, you'll see like an eight minute video. So it's a fair question, it's a reasonable question. It's a high intellect question. It's a sensible question. That's just not the SKU I'm talking about.

Max Katz (34:37):

And I believe it's SKU ness. S-K-E-W-N-E-S-S is what

Ophir Gottlieb (34:43):

Can be. It's also if you prefer the third moment of a normal distribution.

Max Katz (34:49):

Alright, now you're showing

Ophir Gottlieb (34:51):

Off the first moment is the first moment is the mean. The second moment is standard deviation. The third moment is the sku, and the fourth moment is the ketosis.

Max Katz (34:59):

Okay, now someone's asking a question about handling a back test with AI criteria being met, and then a little later on he says, disregard my earlier question. All back tests must have the

CURT condition satisfied to be triggered. Okay, there you go. So he answered his own question. Alright, back test. Okay, sorry, isn't the 1 3 2 2 put credit spreads and one debit put spread?

Ophir Gottlieb ([35:40](#)):

It is absolutely. You can think absolutely. I didn't want to confuse people, but since someone brought it up, it's a one by one and a two by two.

Max Katz ([35:48](#)):

Right? There you go. Do some people call this a dragonfly? I've never heard the term dragonfly. Yes, have you?

Ophir Gottlieb ([36:00](#)):

It's a broken wing butterfly. Okay,

Max Katz ([36:05](#)):

On the lovely risk graph, what does 80% profit look like? Is it 80%? This is a very important question. Is it 80% of the green zone? What is the risk that CML reports? Okay, this is the second part. So let's do the first part.

Ophir Gottlieb ([36:21](#)):

You want me to bring the picture up and you talk about it?

Max Katz ([36:24](#)):

Yeah, sure. Okay.

Ophir Gottlieb ([36:28](#)):

Okay, go ahead.

Max Katz ([36:30](#)):

I think someone may have asked a later question that answers this question. So I don't know if you can see my cursor, but it's the 80% percent of the credit received. It does not involve the triangular area as you start to approach,

Ophir Gottlieb ([36:53](#)):

Right? So this

Max Katz ([36:53](#)):

Flat, the 25 delta short,

Ophir Gottlieb ([36:55](#)):

This flat area is basically the credit you received. So you know what, max, why don't I show a back test and you talk about it. So let's just pull one PFG, it doesn't matter. And I'll just do one. Here's a technical open. So this was, this paid 2 72, sold 2 53 times, which is seven 50, right?

Max Katz ([37:24](#)):

Right.

Ophir Gottlieb ([37:25](#)):

So you're paying 2 72, you're receiving seven 50 and you're buying 30 cents twice, right?

Max Katz ([37:33](#)):

So that's,

Ophir Gottlieb ([37:35](#)):

That's a 5 38 credit. So this trade created a 5 38 credit. The 80%, the limit gain would be 80% of that. So if the 5 38 spread went down to a dollar seven, you would just buy it back. So you sold it at about five 40, you'd buy it back at a dollar.

Max Katz ([37:59](#)):

Yep. So the third part of the question, is it the 80% of the green peak or the 80% of the green flat and it's the green flat as we just discussed. What is the risk that CML reports in back test results? I'm going to let you answer this. It's the most conservative calculation and I've had some problems coming up with the number that we sometimes see as the overall risk. I don't necessarily look at it that way. Here's

Ophir Gottlieb ([38:36](#)):

How is amount risk calculated? We actually have it in the help tab. We actually give an example. We talk about short puts, margin, naked calls, what does it use, what the requirement is? What about the spreads? What about when you buy options? Can you explain more? So it's all here. So rather than answer it, just go here and say max risk, not max as in max Katz, and that's, and you'll see it. Okay, so it's an answer which depends on the trade, but ultimately we take the most conservative view of risk,

Max Katz ([39:13](#)):

Right? Okay, I'll interject that. What I do on a practical matter is if I'm selling a put spread, for example, to keep it simple and it's a \$5 wide put spread and I'm selling it for a dollar, I have \$4 of risk. That's the way I look at it.

Ophir Gottlieb ([39:41](#)):

Perfectly reasonable. Yep. Alright.

Max Katz ([39:43](#)):

Okay, moving on. Sorry. Disregard. How do you manage this trade when it goes against you? Now there are multiple ways. You'll note that there's no closing rule

Ophir Gottlieb ([40:04](#)):

On the doubt. If it goes bad, yeah,

Max Katz ([40:06](#)):

If it goes bad, the only closing rule is either we run out of time or we achieve that 80% of the green flat area. What I do and can tell us what he does. What I do is if it approaches the short 3 25 delta, the first thing I do is say, well, how quickly did that happen? Because it's a 30 day trade. If it happened 20 days in, I'm not as concerned as if it happened in two days. If it happens in two days to a week, I'm tempted to take one of those short put spreads on the back end and roll it out and down. I'm also tempted if there's a lot of time left and I am confident that the trade may turn around, I'll take some of my credit and roll down in the same expiration, one of those short put spreads. That's what I do. What I never do, if there's some perceived pain or actual pain happening, I will never sell out that long. Put spread, assuming that this is to turn around that long. Put spread is your only protection against the short put spreads.

Ophir Gottlieb ([41:41](#)):

Don't what Max is saying, don't turn it into a trade that has unlimited loss at the very least.

Max Katz ([41:47](#)):

All right? That's what I do.

Ophir Gottlieb ([41:49](#)):

I just let it happen. I've actually missed some of them. So all three legs end up exercising, so it ends up being a nothing. But I don't care. I mean, it's not that I don't care. I like to win on my trades, but I know when I look at my books, some of my trades are going to lose. I just let it happen.

Max Katz ([42:12](#)):

Okay, somebody's thanking us. They never quite understood the trade until now, so they're thanking you.

Ophir Gottlieb ([42:20](#)):

Oh, excellent. Good. I'm really glad to hear that.

Max Katz ([42:24](#)):

Alright, someone's saying the strategy is hard to believe because the results, it's hard to believe the results because it's favorable in every sector, but not great in XLP and XLRE. I don't have a problem with that. I don't know if you do over here.

Ophir Gottlieb ([42:45](#)):

No, I just remember that those pre-built portfolios are all in the s and p 500. They're all large caps, large caps, at least in the last three years, that was a three year back test. You can go back to 2007 if you want. In the last three years there has been a bid in large caps, right? Large caps go down. At some point people come in and pick 'em up. It's just a reflection of that. Now, if we had three years where that wasn't the case, it wouldn't look very good.

Max Katz ([43:15](#)):

Right? Someone's asking to confirm the 75 to 80% is better as the, I think it's negative skew moves back towards zero. Is that correct?

Ophir Gottlieb ([43:30](#)):

Well,

([43:35](#))

I take this trade, I set up this back test such that basically every portion of the stock's behavior is bad. So it's corrected, it's down 10%. It's in technical failure, it's below the 200 living average. It's asymmetrically in the last six months downward over the last year. The tails are to the downside. So I'm looking for these large caps which have in every way possible a bad looking stock. And when it gets bad enough, I say that's enough. That's enough. If it keeps going down, I'm fine. I just don't think it's going to have another two standard deviation move. Or once that's it, there's going to be a bid. If I'm wrong, I'll hit the max loss. So this is very much designed to be an ugly looking stock, which is by the way, why I started the webinar and I said, remember we also looked at other things like when stocks are going up, you don't only want to do this,

Max Katz ([44:27](#)):

Right? Came in late. Look for recording. Yes. Someone wanted to make sure that you picked COF, whether that's Countrywide Financial or Capital

Ophir Gottlieb ([44:42](#)):

One. No, no, that's capital one. Capital. Did you know I was a trade structure on Countrywide desk, the largest trading desk west of the Mississippi during the great financial crisis.

Max Katz ([44:53](#)):

Was that your first job?

Ophir Gottlieb ([44:55](#)):

No, first job. God bless you. Max thinks I'm so young, I just love that he thought

Max Katz ([45:00](#)):

That was my first Well, everything's relative, right?

Ophir Gottlieb ([45:03](#)):

Everything's relative. That's true. Yeah. No, it wasn't my first job. It was my first structure and job. Yeah, so I was there. Okay,



Max Katz ([45:12](#)):

Where are the previous videos? Hey, they're on the learn tab. Just click on that learn tab and you will find the,

Ophir Gottlieb ([45:22](#)):

I'll show it one more time. Just because Max is not upset you, you've upset Max, go to the learn tab, go to live help sessions for trade machine and there you go. I was joking about upsetting Max. It's very hard to upset Max. I haven't upset him yet

Max Katz ([45:39](#)):

At this age it's very hard. So optimal to close trade if Delta 25 is hit. I don't think anyone said that.

Ophir Gottlieb ([45:52](#)):

They were just saying you adjust your trade at that

Max Katz ([45:55](#)):

Point, I start to adjust the tray by potentially moving one of the short put spreads.

Ophir Gottlieb ([46:02](#)):

Totally reasonable. Yeah, that's its personal.

Max Katz ([46:07](#)):

How would you compare, contrast the results from doing the one by three by two ratio spread with calls versus puts two different trades?

Ophir Gottlieb ([46:17](#)):

Yeah, you would kind of turn that upside down, right? Your biggest loss would be if the stock goes up a lot,

Max Katz ([46:25](#)):

Right? Right. Shouldn't have asked Max. Okay. This is not the skew you are looking for. I guess that was in reference to a previous question that we had. Love everything about trade machine. Please excuse this being off topic from today's 1, 3 2, but I think you'll agree. My question is important. My question is about the 14 pre earnings with kurtosis. There are two stocks that qualify now that have not appeared on the today tab, TSM and JPM.

Ophir Gottlieb ([47:12](#)):

There's no way JPM absolutely impossible.

Max Katz ([47:14](#)):

Well the person is saying that JPM is 1 12 24 before market open. What? Oh, now he's saying, so technically JJPM should print tomorrow on the today tab. I don't know that these are all confirmed dates.

Ophir Gottlieb ([47:35](#)):

Lemme just check. Yeah, that does not sound right me, but let the person be. Let's assume they're right. Hold on, lemme just check. I'm checking the date for J.

Max Katz ([47:51](#)):

Okay. And also check TSM Hey.

Ophir Gottlieb ([47:54](#)):

No, no, no. Hey, PHE says when he is wrong. Confirmed the 12th. It'll be on

Max Katz ([47:59](#)):

Tomorrow. Alright, so we should see it tomorrow.

Ophir Gottlieb ([48:01](#)):

I was wrong. They were right. Yep.

Max Katz ([48:03](#)):

All right. And then it says TSM.

Ophir Gottlieb ([48:06](#)):

Oh, I assume that's right too. How about I check now that I'm wrong.

Max Katz ([48:10](#)):

Okay, but he said the person is suggesting that. Oh, okay. Is it because TSM earnings date is not verified? That's exactly right. If the earnings date is not verified, it will not appear on the today

Ophir Gottlieb ([48:24](#)):

Tab then he won't. Yeah, but JPM is right and it looks, yeah, TSM, that's just an estimate. I see that for the 11th. That's not JP Morgan and the one year ketosis is booming. So yeah, I think that's going to trigger.

Max Katz ([48:39](#)):

Yeah, I look forward to that

Ophir Gottlieb ([48:40](#)):

Tomorrow. Yeah, it means I probably have to put that trade on max

Max Katz ([48:43](#)):

There. Well, got to end the year somehow. Alright. Why do you like the one by three by two more than the one by two by one two ratio spread. We backtested it and it had better returns and slightly less risk.

Ophir Gottlieb ([49:03](#)):

Max actually figured it out. To tell you the truth, I was a one by two one guy for the last decade.

Max Katz ([49:11](#)):

But if you are more comfortable in the other trade, it's not significantly different. But there was noticeable improvement by switching to the one by three by two. Any suggestions or guidelines on what premium we would like to collect in a one by three by two trade perhaps as a percentage of the spread of the strikes? Oh, fear.

Ophir Gottlieb ([49:35](#)):

I don't like to do a trade where my max gain, which is your credit, the credit is the max gain. Oh no it's not. Your max gain is if it goes down to the 37 delta or 25 delta, but for my credit, I don't want my credit to be less than four times the loss. So if I receive a dollar, I don't want to lose more than five bucks. The \$4 split. And why is that? Because this should have about an 80% win rate. So I want the loss to win to be about 80%, four to one or better. That's how I came up with that number by the way, to be genius.

Max Katz ([50:17](#)):

And then someone is now saying, oh dear, max not wild about your answer. Referring to, I believe the point I made about I never want to sell the one put spread that I'm long when I have a potential problem. Okay. The same person said it's awesome that we can have different approaches. There

Ophir Gottlieb ([50:46](#)):

You go.

Max Katz ([50:46](#)):

There you go. Would you suggest deploying the one by three by two to stocks that are in their pre earnings phase?

Ophir Gottlieb ([50:57](#)):

I would not,

Max Katz ([50:59](#)):

No. Wouldn't these theoretically give you better than the 85% win rate?

Ophir Gottlieb ([51:05](#)):

No. So let me answer this one. There's something called a theta paradigm, which is that we use on these diagonals before earnings. I really think you should watch that theta paradigm understand you don't have to watch an hour 50, this is the first 30 minutes or something. But no, there's a very, very specific thing happening with this pre-unit. Trades that are volatility, trades that are very different than this spread. Very, very different. Fundamentally different.

Max Katz ([51:47](#)):

Alright, and then the same person who hated my answer to that question before is now chiming in that they like OGs answer much better.

Ophir Gottlieb ([52:00](#)):

Well, I mean that's just natural

Max Katz ([52:04](#)):

In executing a ratio spread. If you can't execute one of the legs quickly, which leg of the trade would you execute first?

Ophir Gottlieb ([52:13](#)):

Oh, I would do it. I would do it. You can answer, but I would do it as I only do this together.

Max Katz ([52:21](#)):

Okay. I agree with you, but I would say that there are some times, especially in futures where you can't do all the legs at the same time. I always start with the hardest leg to fill with the widest bit. Ask of that spread before start

Ophir Gottlieb ([52:40](#)):

To see because you'll see if you want to do it otherwise.

Max Katz ([52:43](#)):

Yeah, yeah. If it takes me too far off track, then just forget and I know it's not, I should stop. Right. Okay. Someone is telling me that you can break the trade into parts. Of course you can. And they say you can close the PDS at max gain can

Ophir Gottlieb ([53:08](#)):

I guess. And then the can I guess who was saying this? Am I allowed to guess?

Max Katz ([53:12](#)):

You know who it is. We're not supposed to mention names, right?

Ophir Gottlieb ([53:17](#)):

No, I was trying to get you to say it. Yeah,

Max Katz ([53:21](#)):

You want me to be in trouble? I mean, thank you. These targeted sessions are allowing me to demystify the CML strategies. Is there an explanation of what typical market conditions, bullish, bearish, neutral are generally best matched to which CML strategies?

Ophir Gottlieb ([53:43](#)):

Yes. So in my opening slides tonight, you can go back there. So you could just like a screenshot. There's two strategies which are this one, spread the sell off and buy the sell off, which are like when things are going poorly and we're looking for recover a bullish one, we have a bullish burst one. We haven't talked about it yet, but the pre earnings, diagonal pre earnings momentum, that's when the stock is above the 50 day moving average. That stock's in a good technical place generally. So that's a bullish idea. And then fade, the dip is kind of in between, but we also have a Mac D one, which is a bullish one. So we will get to those. But of the four we've just done, we've looked at like when stocks are falling apart, when stocks are recovering and when stocks are bullish.

Max Katz ([54:32](#)):

Alright, this is an interesting question. I'm a little worried that I'm trying to, I have a little worry that I'm trying to overcome. Max Katz has a view of risk that I would describe as max loss, meaning maximum loss. I subscribe to this view of risk too. Oh, fear, describe this perspective as perfectly reasonable. However, it is different to the way trade machine measures risk. I'm a little worried about trade machine not showing backtest results with the way I understand risk and it is affecting my confidence in it. So I'll just quickly say, trade machine takes the most conservative formula for risk. It is higher risk configured in trade machine than the way I do it. Alright, you want to add anything to that?

Ophir Gottlieb ([55:38](#)):

We'll back that.

Max Katz ([55:39](#)):

Okay. So you can have confidence that if trade machine comparing to risk is projecting a 21% average trade or total return to risk, that our number is going to be higher the way we calculate maximum loss. Someone is now drinking more wine.

Ophir Gottlieb ([56:11](#)):

Someone,

Max Katz ([56:12](#)):

Which of the trading strategies and trade machine might be useful for day trading?

Ophir Gottlieb ([56:21](#)):

You want to answer? Don't have a good answer.

Max Katz ([56:24](#)):

I don't have a good answer for one of the can strategies to be honest. I'm still experimenting with a one day trade opening in the afternoon and closing it the next day based on certain technical open criteria. I

Ophir Gottlieb ([56:37](#)):

Figured not share.

Max Katz ([56:39](#)):

Yeah, it's on either SPY or QQQ. When it's ready, I will share if it has good results. Otherwise, I'm just going to tell the person who's drinking all that wine. The arc of trade journey. I think the max losses in the examples is what many traders have difficulty accepting. My experience opinion is that viewing the losses as defined risk and that the law of large number of trades should work. It's in O fear's opening principles. This arc of the trade journey,

Ophir Gottlieb ([57:24](#)):

Right? Yeah.

Max Katz ([57:25](#)):

Okay. What strategy works best in low vault times and same for high vault times.

Ophir Gottlieb ([57:33](#)):

You don't want to hear this answer,

Max Katz ([57:35](#)):

You don't want to hear it.

Ophir Gottlieb ([57:37](#)):

You can't go into answer. I'll, I'll give you the answer. Go ahead.

Max Katz ([57:42](#)):

I can only say that in general, I won't mention specific strategies, but in general, in low vol times, I am not adverse to owning volatility and in high vol environments, I prefer selling volatility. Now, PHE will give you the definitive answer.

Ophir Gottlieb ([58:07](#)):

If the VIX is below 17 low vol regimes, you generally just want to sell more vol, just keep selling it. If the VIX is between like 17 and 22, that's really the only time you want to own vol. If the VIX is then above that, you want to sell vol again. So it's like sell vol, buy vol in a window and sell all. Again, when volatility is low, it's generally for a reason. Market's doing well, markets continue to rise. You sell it. Now, obviously, if you continue to sell vol in the low vol environment, there will come a time when it changes fine. But I'm okay with that. I'll win nine times, I'll win 10 times, I'll win 11 times. Oh, I lost. Okay.



Max Katz ([58:49](#)):

Yeah, as long as you're not winning a nickel nine times or

Ophir Gottlieb ([58:52](#)):

10 times. I've never placed a trade to win a nickel. I don't think that's a good way to trade.

Max Katz ([58:58](#)):

All right. It's not. But I can honestly tell you guys that the early part of my trading floor career that I used to sell, do Delta options for one tick and do it a hundred times. Alright, awesome. The learning is cumulative. I didn't say it was right. I learned my lesson when they called me in and said, put \$250,000 more in your account or get out of that position tomorrow. Awesome session. The learning is cumulative. I think I take three steps forward and two steps back. I need both my own testing and results to review and these kind of instructive q and a. Thank you. Thank you. So og, this is a legit question. Did you look at 5% loss versus a 10% loss is generating more trades, I guess for the 1, 3, 2 for spreading a sell off. In other words, besides the 80% for wins, cutting

Ophir Gottlieb ([01:00:10](#)):

Losses. I think I probably looked a little with stop losses, but I'm just, so this is where we each have our own personalities as traders and just remember trade machine, while it has stuff built in for you, I mean feel free to be your own Michelangelo, right? Make your own strategy so you don't need to use ours. It doesn't hurt my feelings at all. But no, I mean Max will probably agree. When you trade enough, you've taken enough losses, you've taken enough winners, you've kind of seen the long arc of a career, this frenetic pace of trading, it's just not interesting anymore. It's like you place a trade, you know why you're placing it. When you're going to close it, you know why you would close it. You have your plan and you just kind of let it roll. Nothing should really surprise you. Yes, you have bad months. In fact, you're probably going to lose money two or three months out of the year and it just happens. You just try to make those months that are down not be worse than your fourth best month. You don't want a bad month to wipe out your year.

([01:01:07](#))

You have your portfolio trades and it just doesn't, doesn't affect me like that.

Max Katz ([01:01:14](#)):

Alright, and this is not my question. I want to say that before I read this. No, but I have thought of this subject. So selling a 2010, put credit spread, not good question mark.

Ophir Gottlieb ([01:01:31](#)):

Well, you should win about 80% of the time, so you should win four times for every time you lose. The question is, are your losses more than four times bigger than your gains? My guess is probably, remember guys, if I wanted to just sell a million trade machines, I could show you a 90% winning strategy. I guarantee you sell a 10 delta call tell, actually call or put, I win 90% win rate. Right on YouTube. I strategy win 90% of the time. I'm sure you do, dude. You've also

probably lost all your money and that's why you're doing YouTube videos. It's not hard to get probabilities on your side. It's hard to get edge.

Max Katz ([01:02:20](#)):

I've lost all track of time, so I apologize. Okay. Fear once said he doesn't have more indicators in the TM opening criteria because no others seem to make a significant difference to the back test outcome. What other indicators has he looked at, please?

Ophir Gottlieb ([01:02:40](#)):

Yeah. For me it's the ai. I found that and with moving average, it's like the 50 day, the 200 day, that's enough for me. That doesn't mean the other ones don't work. It's not a judgment, it just for me, that's all I need.

Max Katz ([01:02:58](#)):

Right, right. Okay. One gentleman says interested, I wasn't even supposed to say gentlemen. Interesting. We buy volatility only for a good reason, such as pre earnings ai. Yes. But even that pre earnings AI strategy is a long called diagonal. So not only are you buying volatility 14 days out, but you're selling volatility seven days out, both

Ophir Gottlieb ([01:03:24](#)):

Calls, and the 14 day volatility you're buying is backstop with earnings.

Max Katz ([01:03:28](#)):

Exactly. It decay lower, right? That data decay is minimized until after the earnings.

Ophir Gottlieb ([01:03:34](#)):

Watch the theta paradigm video in the learn tab. Trust me, if you don't know about that, it can be revelatory.

Max Katz ([01:03:41](#)):

Okay, we have two questions in Q and a

Ophir Gottlieb ([01:03:43](#)):

Okay. Do 'em.

Max Katz ([01:03:44](#)):

Alright. Love everything about trade machine. Please excuse this being off topic. Oh,

Ophir Gottlieb ([01:03:49](#)):

They already

Max Katz ([01:03:49](#)):

Asked? Yeah, yeah, yeah, yeah. Okay. I guess they repeated it.

Ophir Gottlieb ([01:03:53](#)):

Yay. We're done

Max Katz ([01:03:54](#)):

With. Okay. Both of them are repeats. There we go. Beautiful. I wish, I'm sure PHE wants to have a closing message. I wish everyone a happy and healthy New Year's. May, 2024 be only a healthy and happy time for you and your loved ones.

Ophir Gottlieb ([01:04:16](#)):

Absolutely. I echo that. And we have a CML Pro webinar this Saturday, 11:00 AM Pacific, 2:00 PM Eastern. If you're not a CML Pro member, why not? Alright guys, have a fantastic New Year and we'll see you later. Bye guys.

Max Katz ([01:04:34](#)):

See you. See you on Saturday.

Ophir Gottlieb ([01:04:36](#)):

Okay. See you.

---

**TradeMachine® Live Help 12-26-2023: Fade the Dip AI**



Ophir Gottlieb ([00:00:04](#)):

He will be here Tuesdays during market hours at this time and Thursdays after market hours. So for whichever you prefer, but you don't have to come to live help, it's just live help. You also have him in community kind of whenever you want ish. And I'll show you how to do that actually. He'll show you how to do that. So if you just rather just chat rather than live video, that's fine. This is simply a service to you as our members. It's not an obligation. There's no test. You don't have to be here Tuesday and Thursday to get the full benefit of trade machine. Not at all. In fact, if we're doing our jobs, you will never have to be here on Tuesday and Thursday soon enough, because you'll know everything. But we're here for you just in case. Okay, so I'm going to start with a, yeah, I turn it on.

([00:00:54](#)):

Thank you. Thank you Kat. I'm going to go to a short slideshow as I always do because foundationally with trading, before you talk about it, you just have some kind of groundwork. It's short. Then I'm going to go into trade machine. I'm going to show you something, show you something different than last time, then Max and I'll come back and do live q and a. If you have any questions, please feel free to ask. Don't be embarrassed. We will not read your name if you don't want us to. So if you have a question you're like, because the questions can be anonymous if you only send them to panelists, but if you don't want that, then you can email or you can ask Max and community as you wish. This is not meant to put pressure on you. This is just meant to help. So having said that, I am going to share my screen. I'm going to turn off my video Max, go ahead and turn off your video too. I think I did. I think you did too. Okay, can you see my screen? Yep. Awesome. Okay, I'll go to the slideshow and off we go guys.

([00:01:54](#)):

First, some disclaimers. The results here are provided for general information purposes. As a convenience to you, the viewers, the materials are not a substitute for obtaining professional advice from a qualified person, firm, or corporation. This is not a solicitation to buy or sell any security ever. This is not advice and past performance is not necessarily indicative of future results. Alright, so I'm going to continue with this. Almost every time I do a presentation, I just think it's necessary. So to be successful, trader, we're not talking about how we did on Tuesday or Thursday, certainly not how we did on Tuesday. I had my worst trade ever. Today you want to focus on the long arc of a career, right? So not a day, not a week, not even a month, and tell you the truth, not even a year. And in order to do so, you'll need three things.

[\(00:02:47\):](#)

It seems like you'll only need one thing, but since we're humans, you need three things. So if you were a machine and not a human, this is all you would need. Process, which in trading we call a plan and trade machine is built for this trade machine is exceptionally good at this, right? To trade, when to open it and when to close it. Okay? Hypothetically, that should be enough to be a successful trader. If you can get your process right, then that's it. What to trade, when to open it and when to close it. That's all you need, right? That's it, right? Unfortunately it's not right because we are bless us all humans and since we're humans, we need something more than just the process. The first thing we need in addition to process is patience. And that's in your plan and yourself because as much as we want to be successful traders across the long arc of our career, your trading career is not a sprint.

[\(00:03:52\):](#)

It is not a sprint. And there are a lot of services there that will tell you that it's easy, that it's fast. Within a month you'll be making profitable trades, you won't. And if you did, it was luck and it would probably be bad luck because if you have a really good first month, you're probably going to feel more confident, put more in and then lose even more. So you're going to need patience and you're planning yourself. Now, trade machine can help with patients, but ultimately this is personal. For some people, patience is a lot easier than others. This is very personal for some people. This second bullet point is like, yeah, I'm a patient person, you got it, then you got it. For other people it's not. And the last thing you'll need is effort. And that's why those ads on YouTube and stuff, you see they're either intentionally lying to you or they just don't know.

[\(00:04:44\):](#)

They're not professional traders, they just dunno. So the thing about effort is this, and this isn't really just for trading. I'm just here to talk about trading. Max and I are here to talk about trading, but it's not just about, this is for life. First thing is it will probably be harder than you think. Sorry, I know the videos on YouTube say that it will not be harder than you think it will be. If you're going to get this bullet point successful trader, it will be harder than you think. It's not a maybe. I don't think so. I bet my life on, sorry, those videos on YouTube are not right. But there is good news since it will probably be harder than you think. It will also probably be more satisfying than you think.

[\(00:05:37\):](#)

So that's just the truth. If you don't like the truth, don't like my truth or don't want to hear that truth, get off the webinar because I don't want to waste your time. You don't have to listen to me. Who am I? I'm nobody to you. It's okay. It's allowed. All right. So to focus on the long arc of a career, you will need

process patience and effort. We will be focusing with trade machine mostly on process. We'll take a lot of the effort out and we'll help with patience, but we're going to crush process. That's going to be really, really good. The personal stuff, what can I do? All right, so last few sessions we looked at when a stock has dropped and may recover. And with that we did the spread, the sell off plus ai. I'm going to redo that one by the way.

[\(00:06:32\):](#)

So next Thursday we're going to redo that one. I don't feel like I did it well enough. I didn't give it. Its proper due. It's a little more complicated than I, and I didn't offer enough of an explanation. So if you're wondering what we're going to do next session actually before we move forward, I'm going to review that one kind of a redo. Okay? We looked at tech stocks and financials with that one. We also did the one after that. We did buy the sell off, which is also when a stock has dropped and may recover. And that's when we looked at buy the sell off plus ai. It's a less complex strategy than spread the sell off. And in that one we looked at the NASDAQ 100 financials and healthcare. And then in the third session, which was last Thursday, we looked at pre earnings momentum diagonals call spread plus ai.

[\(00:07:17\):](#)

So that's actually when a market is. So the first two, when stock has dropped and may recover, this is when the stock is already above the 50 day moving average. In other words, things are already going well, how do we know when it might continue to go well for a certain period of time? And we looked at tech, financials and healthcare and we also looked at multiple timeframes. And the reason I'm doing that is these education things are building, I'm going to just scrunch everything on the screen. Nothing's going to change, is you need to look at multiple sectors and multiple timeframes to really get your process. Remember your plan. Remember that process, patience and effort, that process part. That's really how you do it. So this session I'm going to do fade the dip plus ai. I'm going to do tech, financials and healthcare. I'm going to do multiple timeframes, but there's something I'm going to show you This time I'm going to show you when something does not work.

[\(00:08:14\):](#)

It turns out I am not going to do this trade in 2024 for tech, for financials and healthcare. No problem. I'm actually not going to do this trade for tech in 2024, but I have to show you why. So you can do it yourself. And then I just want to point out, as I said at the top, I am going to go, we're going to revisit this. I didn't feel that I did well enough for you. You give me the privilege of your time and I don't think I returned the favor. So next time I'm going to do this again and I apologize. Sometimes I'm not on my best and I've gotten the feedback and in general the feedback on these things is off the charts. The feedback on this was kind of lukewarm and lukewarm to me isn't good enough. It's not good enough for me. I want to be better than lukewarm. All right, so it let's go to trade machine.

[\(00:09:08\):](#)

All right, so we're going to start on the back test tab as we normally do, okay? And this time we're going to just like we did with every other session, we're going to start with these saved back tests. We have added this capability to the back test tab just recently so that you don't have to move around the application and go to different tabs and figure out how to load strategies. It just should be in one place and it is. So as I said at the upfront, we're going to do fade the dip with our ai. So what you do is you select it from the dropdown menu. I'm going to get out of the dropdown menu, show you again, I just



clicked save back, test fade, the dip plus ai. That's what we're going to do today. We did this one. That's the one I'm going to redo.

[\(00:09:51\):](#)

We did this one on Thursday and we did this one after we did the one by three by two. Okay, so today we're just doing this one. So you click it and then you just click load and just wait a second. Let the back tester do its thing and say it's fast. It's going to load one ticker and that's it. The first thing you do after you see this is, hey, wait a second, this isn't recent, today's December 26th. So click three years to get everything to the present. Okay? Now the next thing we added to trade machine is portfolios. They were always here. We just never gave you saved portfolios. So you can have as many portfolios as you like, but every trade machine member now has this NASDAQ 100, Dow 30, and then sectors, financials, tech, utilities, basic materials, industrials, healthcare, energy, everything down to software.

[\(00:10:52\):](#)

So I'm going to let this load, but first I want to talk about what the strategy is. This is a put spread. It's getting short of put spread, and it's getting short of put spread at certain times. First of all, it's never trading earnings, never a trading earnings is pretty simple for trading machine. What that means is no matter what trade is open, no matter what's going on, if that button is clicked, then two days before earnings all the way through, two days after earnings. So this five day period, it's just a blackout period. It's like when you buy things with points on your credit card and you can't buy airplane seats. So just this five day period trades are ignored and if a trade opens before it just closes early, that's it. This is never trading earnings. And then there's a technical open. So we're getting short of put spread no matter what. We're not trading earnings. And then there's a technical open. This happens at a specific time and what is that specific? What is fading? The dip click, technical open and you'll see it.

[\(00:12:00\):](#)

The first thing we'll do, so it's 1, 2, 3, 4, 5 things are required and these are ands. So this and this and this and this and this. If all five of those are satisfied and it's not during earnings, boom trigger, okay? So here it's the first thing is the stock stock price has to cross up through the 200 day moving average. And if you just take a second to think about that, if the stock is crossing above the 200 day moving average, that means yesterday it was below the 200 day moving average, right? We're waiting for the day. The stock crosses above the 200 day moving average. That means yesterday it was below. So this is a stock that is recapturing. Its 200 day moving average. To me, a stock is in technical failure. It's below the 200 day moving average. And so in this place, for this first condition, we're waiting for a stock to cross out of technical failure, but that's why we're calling it a dip, right?

[\(00:13:02\):](#)

Even though it's rising, the stock had been in technical failure. Number two, the stock has to be above the 10 day exponential moving average. This is a short term moving average. So the stock is crossing above the 200 went from technical failure, coming out of technical failure has some short-term momentum. It's above the 10 day moving average. This simply says the stock cannot be overbought. This is very, very, very rarely going to be the case if a stock is already below the 200 day moving average, but just in case we don't want to get long anything if it's overbought. These last two are our ai, remember this is fade the dip plus ai. Okay? So this is that the one year skew is above zero. If you don't know what these are, that's okay. This is not the time for us to explain that. I will show you a video in

eight minutes while you understand what our AI does, but for now, I'm just going to read it to you and I'll let you examine further what our AI is if you like.

[\(00:14:01\):](#)

And the one year kurtosis is above one. So stock is coming out of technical failure. Stock has some short-term momentum, very rarely going to be a concern, but stock is not overbought. And then a couple of AI things, you can think of it as like AI one and AI two get the check one, okay? Those are the technical. That's when this thing happens. It's a short put spread and never trades earnings and it gets triggered when all five of these things happen. Okay? When I click save, it's going to rerun the whole back test. That's okay, we got time.

[\(00:14:36\):](#)

For those of you that are annual members of trade machine, you'll have a faster back tester. That's why you see mine coming in so fast. But also your portfolios, you can test 200 stocks at once or fewer, but up to 200, if you're not annual, this is going to stop at 50. That doesn't mean you can't test the other 50. The NASDAQ 100 is a hundred stocks, then you've got to go do that. But for an annual membership, it's called a platinum membership. You get a faster back tester because we can reserve instances in Amazon ahead of time, which allows us to save money on infrastructure. So we can provide you that extra speed and you're going to get up to 200 tickers. So I'm going to let this run and what we're going to end up seeing is how this fade, the dip, this thing, this technical, open, short put spread, how it did in tech over the last three years.

[\(00:15:30\):](#)

And in general, we want to look at multiple timeframes and multiple sectors. So we're starting with one timeframe and one sec. Okay, look at that. This is why win rates aren't particularly exciting to me. It's actually easier for me to mark this up. So I'm actually going to oddly take a screenshot and start drawing on it. The win rate is great, right? Hey, hundred 75 wins. 74 losses, awesome. But look at this guys. This is a one month trade up to a one month trade. It's basically paying your commissions at best 1%. Why would I want to do this? Now, as I said on the last a session, a training session, of course you can go here and find the companies that have done the best look at companies that did awesome, but that's not good enough for me. In order for me to take alerts on a certain trait in a certain sector, first I need the entire sector to be doing well because otherwise I kind of feel like I'm getting lucky it worked for Microsoft.

[\(00:16:38\):](#)

Was that luck or I don't know. If the entire sector works, then I feel really good about this strategy in the sector, but if it doesn't work, I'm going to skip it. So this is why I told you at the beginning, all of my fade, the dip triggers for 2024, I'm out. I'm going to do fade the dip in other sectors, but for tech, I'm out. You don't have to do that. You can say, Hey, no, I want to order this by average trade and I want to look Adobe. That's awesome. Two wins, no losses. Average trade, 37% Microsoft. That's up to you. I'm telling you what I do. This is a part of my process. This is a part of my effort. Okay? Now did I show you the strategy just to show you we're not going to do it? No. I always start with a NASDAQ 100 because I like trading tech even though it's not all tech and I like trading liquid names.

[\(00:17:33\):](#)

Let's go to the financial sector. The reason I like to do at least two sectors is for a very specific reason. If I have a bunch of alerts set up on one sector and they're all, I don't know, they all get triggered when stocks are recovering. Well, that means in that case, in a bull market, when things are going well, I'm never going to get any alerts. It's all in one industry. The entire industry is moving up. Well, I won't get any alerts because they're not falling apart and recovering. They're just rally. So I want to make sure I'm getting, I want trade machine to work for me. So in order to do that, I need to look at other sectors which might be doing differently than another sector. So financials and tech don't necessarily move together. So let's look at financials. So I'll click XLF and it's going to do the same ole three years. It's going to go through all of these, the exact same strategy, same strategy, just going to look at tech and we're going to let it go. You can see some names, I'm sure you're familiar with Berkshire Hathaway, JP Morgan, visa, MasterCard, bank of America, Wells Fargo, Goldman Sachs, Morgan Stanley, these names American Express, Schwab, the CME, PayPal, these names. So let's let it load.

[\(00:18:54\)](#):

Remember that tech had a grand total return over three years of less than 1%. It was actually 0.98. So let's see if finance is any better. This is at a maximum of 30 day trade because it's 30 day options, but if there's a 50% gain hit, it just stops out. So this average trade is probably about two weeks. Alright, so how do financials do? Look at that. The win rate is almost identical, 71%, but the average trade is 7%. Now is this good enough to do? This is one where I'm not sure. So since it's not a no, but it's not a yes since I'm not sure. This is when I go to multiple timeframes, that was three years. Okay, well how did it do in 2023, right? If it didn't do better than this in 2023, I'm out. But if it did, if we're looking at double digits, okay, I'll take them for 2024, right? So this to me is dubious not good, not bad. So let's do one year. It's the same strategy, it's on financials. I'm just looking over the last year and you can see the dates right here, right? Same names again, I know that the full three year picture left me with, I don't know, possibly, but possibly not. So let's see what we get.

Max Katz [\(00:20:21\)](#):

Ophir, would you mind defining 50% profit? What that means when you sell a credit spread?

Ophir Gottlieb [\(00:20:30\)](#):

Sure. So if you're selling a credit spread, let's say you receive a dollar, the 50% profit is hit when that \$1 you sold goes down to 50 cents. So you sell it at a dollar, you can buy it back for 50 cents, then you've made half. That's how trade machine does. It looks at the percentage of the credit.

Max Katz [\(00:20:48\)](#):

Thank you.

Ophir Gottlieb [\(00:20:49\)](#):

Alright, so here's how it did over the last year. The win rate was a little better

[\(00:20:59\)](#):

And the average return, let's call it 10%. Now for me getting 10% on a credit spread consistently with a 75% win rate, that's fine. I'm okay with this kind of qualifies as like, okay, let me look at the best of

breed. I don't want to do it in every company, but now I'm willing to look at the best ones. If this was in the 7% range or below, say I'm kind of out, my number is usually about 10%, so I'm going to say this qualifies just barely, but it's close enough. I'm in. I like it, especially considering the win rate. So I'm going to sort by average trade return and let's see who did. Well, these are all based on one year trades, but so I might like these just, I'm just checking the ones I liked. Probably JP Morgan, probably a IG Citigroup. Hey, I'll take that. PNC is a regional bank,

[\(00:22:00\):](#)

So good to me, Prudential, the insurer. So let's say I liked these trades. I'm going to go to ad alert. The technical conditions are already there for you. Remember, it says the day the stock crosses above the 200 day moving average, which means yesterday the stock was below the 200 day moving average, the stock is above the 10 day moving average. The stock is not overbought. And our two AI things here are the tickers that I checked and here my notes will be paid, the dip plus ai, and I'll just put, oops, and I'll just put in parentheses financials, just so I know what I'm, when I get it in my email, I'm like, what is this a financial trade? Okay, got it. Now I'll just add the alerts. So nine alerts are created. I know that in the back trade machine is working for me. It's checking the market constantly and when all of these technical conditions meet in those nine companies, if in any one of those nine I'm going to get an email that says, boom, it's live.

[\(00:23:03\):](#)

Now let's look at one more sector. Let's look at healthcare and I'm going to look at three years first. And so we've looked at tech, tech was a no for me, just wasn't good enough. A plus 1%. I don't even want to know what it did from the last year. Financials were close and I took it close, but I took it. Let's see what healthcare does for us. And healthcare names you'll recognize, right? Eli Lilly, j and j, Merck, Pfizer, Amgen, Bristol Myers, Gilead, right? So these are names you should know CVS. So there's some familiarity with these names. Humana, Biogen. So let's just let this go through it.

[\(00:23:55\):](#)

All right? Now look at that. Remember, tech was 1% financials were about 7% over the last three years. Look what we have here and keep in mind the win rates are between 71 and 74%. Now that's what I'm talking about. That's what I'm talking about. Now this looks good. I'm willing to choose the best of these. I'm willing to choose the best of these. So I'll sort it by average trade, Gilead's bananas, eight wins, one loss, eew, I'm actually okay with two wins. One loss, IDXX md. This one win no losses. HCA is two wins, no losses. Agilent, right? Four wins, no losses even knows some of these companies. Biogen, four wins one loss 27.8%. Sure. I like all these numbers, these are great. I'm looking at the average trade return, right? That's what I'm judging this on. Regeneron, UNH, Eli Lilly, these are some monsters, right? It's great to see large companies, they tend to have bids, right? So you choose the ones you want, okay? Just check, check, check. Lemme see if there's anything half a percent average trade doesn't really interest me. Is there anything else?

[\(00:25:21\):](#)

IUHS? Sure. X-Ray. Sure. Abbott Labs. Okay, so now I found some more. So I'll go to ad alert. Same thing. Everything's already done for me and this is Fade, the dip plus ai, but this time, this is in healthcare. You don't have to put these notes. These notes are just to help you. It's or to help me. In this case, you don't have to put notes, you can just get the alerts, but I want to know what I'm looking at before I click on

the link. I want to help myself out. What am I looking at? Oh, it's paid the Dip plus ai. Oh, it's in healthcare, got it. Add the alert. 22 alerts were created. So that means in total we've created 31 trades, and other than me just talking a lot, it didn't take very long. Okay, so I did not do tech this time.

[\(00:26:12\)](#):

I did get my two industries though. I got healthcare and I got financials. Now, I certainly could go through any, I'm not going to go through all of these industries because at a certain point you guys going to be like, I got it, dude. But you can go through basic materials, industrials, energy could be an interesting one to do. Utilities could be an interesting one to do. Feel free, feel free to do that. And maybe you're not convinced you don't want tech. That's a NASDAQ 100. Maybe you want to try a certain kind of tech like software.

[\(00:26:42\)](#):

So how you would do it, hopefully what I've done today so far is showing you how to choose a strategy that you want to backtest. You choose anyone you want. They're in here. Understand what the trade is. It's a short put spread. It always skips earnings and has a very specific technical open. You can also read the technical open at the very bottom. There's some AI that's running behind it. Two pieces of it found two sectors discarded. One added, I think a total of 33 trades or whatever it was. Guys, that's a process. What's the plan? The plan is when the stock crosses above the 200 day moving average from being below and the stock is above the 10 day moving average and the RSI means it's not overbought. And these two measures of ai, check a box. I will sell a put spread short, a put spread as long as it isn't during earnings and I'll take a gain at 50%.

[\(00:27:49\)](#):

That's called a plan. That's called the process. That's the first PI was talking about. You would think that would be good enough for humans, but it isn't. You will need patience and effort, but we've done a lot of it for you. The rest is on you and no, it will not be easy. It seems like it should be easy, but it isn't because being a human being and being reactive, these are natural things. They actually protect us. What if we're driving and someone's trying to change lanes and they don't see us? We have to be reactive. That wasn't part of our plan. Our plan was just to drive. We have to be okay. So this trade machine can't make it any easier on the process part, the part that should be the most important part. We certainly take a lot of the effort out. I mean, you're just pulling dropdown menus here, guys.

[\(00:28:42\)](#):

The patience part. Yeah, you tell me, you tell me. All right, just so you know what's coming next week, so I'm done with my presentation. We'll do q and a next week or not next week, sorry, Thursday. We will go back to this strategy cml, spread the sell off ai. Okay? I just don't feel like I covered it well enough. So if you do feel like I covered it well enough, you don't have to come on Thursday, don't worry about it. You're not going to miss anything. I'm going to do the same spiel, just talk about this strategy, various sectors, things like that, okay? And then on this webinar, on this little live help, I'll tell you what's coming the week after, okay? Please don't feel compelled to come. This should not be a burden to you. You should be like, oh my God, I signed up for trade machine and now I have to come to two videos a week.

[\(00:29:32\)](#):

Not at all. Not at all. You will miss nothing other than how to. This is just how to, if that's helpful, great. If it's not helpful, don't let it be a burden. These are now recorded and they'll be emailed. I'm going to show you where they are. Okay, so two things I want to show you. First thing is where these are. So you go to the learn tab. Amanda did something great. Go to the learn tab. Here it is right here, live help sessions for trade machine. Click on it and the list is going to be growing soon enough, you'll see the 12 26 1, the one today, okay? That's how you thank you, Amanda. Yeah, so that's the thing. So don't feel burdened to do these and please don't feel burdened that you have to watch them. The goal of this was not that you feel burdened, that there's more homework to do.

[\(00:30:18\)](#):

The goal was simply that you feel like you understand trade machine well enough to succeed that you can become a successful trader. You do not have to watch these. I'm not giving away any secret sauce when I do a webinar for all members. Then it's something I really want everyone to hear and you'll know when that's happening because it won't be a live help session. It's going to be a trade machine webinar with a very big purpose, and that's coming soon. Those you might want to watch or watch on the recording. These really up to you. Please don't feel burdened that we're offering live help and therefore you have to participate. You do not. You do not have to feel burdened. You do not have to be here. The last thing I wanted to show you is in order to get to Max every day and not on video, click on community.

[\(00:31:02\)](#):

It's going to give you some rules of engagement, code of conduct, okay? I'll let you read them on your own. You just click agree. By the way, this comes up every time. This is why our community is a place that is so lovely. This is why so many people come here. There's probably 10 or 20 x as many people as you think on there. We have a lot of what I call lurkers. They just read it, okay? Not as many people are actually posting, but the reason this is a safe place, the reason people have left some of those social media that makes 'em feel badly is because of this. Because I'm the judge, jury and executioner, and there is no appeal. If I feel in any way someone is being denigrated or harassed, you're gone. And not only are you gone, you're banned from all CML products for life. We will check your ip. We've had one user sign up with eight different email addresses and eight times we've sent them the money back. This should feel like a safe place.

[\(00:31:59\)](#):

Now you say, well how do I get Max? So Max is actually under the name chat, uncle Pops. So do that. And then you say, Hey Max, I have a question. And here and just off you go, just ask him the question. Okay? And that's it. So if you don't want to join these live help things you don't like video, whatever, just ask Max. Alright? I'm going to now stop sharing the screen and we're going to do some q and a, but I'm going to do it where you can see our faces. So I will come to Zoom, I will stop sharing. I will go to live video Max. You can feel free to do so as well. And Mr. Max Katz,

Max Katz [\(00:32:48\)](#):

You're on. Thank you so much. Can you come to any future dates that I might have and introduce me as well? That would be great. That's right. First of all, if reveals any secrets during these zooms, I promise I will post them in community so everyone will know what the new secret is. Thanks for coming out and

let's get to the questions right away. Hopefully I won't get too close to the screen. It's not a pleasant sight. Alright, people are leaving questions in both chat and q and a,

Ophir Gottlieb ([00:33:27](#)):

So please use chat guys. So there's four in q and a. We'll do the for later, but that's it. So just do chat. Go for it.

Max Katz ([00:33:34](#)):

Thanks. All right, good afternoon. Thank you. Did you hit record? Appreciate the presentation. Enjoyed watching the prior two sessions. Why is it in community chats? You don't get constantly updated. I have to fool around clicking to see responses. Thanks, I greatly appreciate the webinar. All you have to do is click on new posts, right? Or

Ophir Gottlieb ([00:34:05](#)):

Notifications.

Max Katz ([00:34:06](#)):

Yeah, yeah, yeah. So I'm not sure. I mean it is constantly updating. You don't see the update until you click on either that new post home or your notifications. If someone's left something alerted, you used your ID and you'll see who is chatting with you. Okay? Sophia is the man I look forward to next week when Sophia will be wearing his new sweatshirt, robe, whatever that thing is that he's wearing right now. Okay, if I see a stock going in a certain direction, how can I use trade machine? Which strategy would I use? Is it only for portfolios? No, no. Any of the strategies can be used on any individual stock. If you are bullish, look at the bullish strategies and see which one works best for the stock that you have in mind.

Ophir Gottlieb ([00:35:12](#)):

Lemme share the screen for a sec. I can answer this one with one new technical we have. So let's just say a stock is going up, okay, we'll go by ticker. Let's just say it was Microsoft. I don't care which ticker up. This is just an example and you're like, Hey man, the stock is ripping and maybe all you mean by the stock is ripping. You mean one thing? You mean the stock is up 10% in the last week? I'm just going to make something up. Okay, so you can say stock move percent x days. You can say in the last 10 trading days the stock is up 10%. I feel like I got to get into this. Put that as your technical open. Make a strategy In this case, in this case selling a put spread would do great in Microsoft. Maybe you wanted to try just getting along a call. Okay, so do a call and you can get an out. That doesn't work, right? You can say, okay, well what about a call spread?

([00:36:06](#)):

Oh that works okay, but the return is bad. So so far when Microsoft is up 10%, I think I said right in 10 days I would sell a put spread, right? So you can test whatever you want with whichever technical open you want. So you are not tied down to the strategies we provide. The strategies we provide are for convenience. You can do anything you like. Also, by the way, you can create as many portfolios as you like if you don't like ours and you can save as many back tests as you like if you don't like us.



Max Katz ([00:36:37](#)):

Thank you. Great session. Much appreciated. I asked support a couple of times for recording of the first session, but haven't received it.

Ophir Gottlieb ([00:36:47](#)):

You won't get it. Our first sessions were not for sharing. The last two and this one are, it's not support's fault, it's my decision.

Max Katz ([00:36:56](#)):

Yes, I was doing a bit too much rambling. I wasn't dressed appropriately. There were lots of reasons

Ophir Gottlieb ([00:37:03](#)):

Why just we just weren't a final machine right now we now we kind of got our thing together. So no, it's not support's fault. I said no.

Max Katz ([00:37:15](#)):

Alright. Regarding the one by one ratio trade that has been replaced in the back tests with the 1, 3 2, but it's the same concept, just a one by two, by one by two. It's relatively frequent for the following criteria to be met priced over 50 DMA 50 SMA greater than 200 DMA, but it is much more infrequent for the 10 DMA to be less than a 21. I think the bottom line on this question is, is it required that we have to use all the conditions that we see in either a preselected strategy or something that we've come up with for something else. There's some other stock and the answer, at least my answer is backtest it. Take those conditions out, rerun the back test. If you're happy with the results and you do three years, two years, one year like I like to do, or three years and six months recently likes to do, then it's an acceptable trade. Go ahead.

Ophir Gottlieb ([00:38:36](#)):

You're allowed to paint outside the lines and trade machine. The only thing we're making sure we do is that if you don't have time to paint outside the lines, you have a real job, then we've painted a lot for you. But you can feel free to extend the capabilities to use the capabilities. Trade trade machine has a hundred million x the power that I just showed you, but if I showed you a hundred million x the power, half of you would say, dude, I got a job.

Max Katz ([00:39:05](#)):

Alright, how do we test the second group of 50 in the Q qq? Now if you are a platinum user, like fear, you get to see all 100 or 101 stocks in there because GOOG and G-O-O-G-L. But if you're not, and this came up in community today, if you're a regular monthly payment user, then you will see the first 50 and all you need to do, it's a little bit of a hassle, but you don't have to do it every time. You just have to do it once. Create your own portfolio with the second 50 and if PHE wants to show the QQ portfolio and click on it, you'll see all the stocks that are in it. So just count the first 50 that you are always going to see.

Ophir Gottlieb ([00:40:03](#)):

Click at it. Here you go. These are all 100. What Max is saying is okay, only does 50 count to 50. You want the other 50. So let's say it's these, so I'm just going to pretend it's these, right? I would just copy them. Oops, okay.

Max Katz ([00:40:18](#)):

Right.

Ophir Gottlieb ([00:40:20](#)):

So you see my right click copy, okay, no problem. I'm done. Now I'm in a portfolio, create a new portfolio. I would call it second half

Max Katz ([00:40:29](#)):

Q, Q, Q of

Ophir Gottlieb ([00:40:30](#)):

NAS 100 and then bam. And now I have created second half.

Max Katz ([00:40:37](#)):

There

Ophir Gottlieb ([00:40:37](#)):

You go. That's how you do it. I'm now going to delete this because I don't want the second half, but that's how you do. What was that? Did you see? I don't know. Did you see that? That was

Max Katz ([00:40:48](#)):

Cool. Yeah.

Ophir Gottlieb ([00:40:49](#)):

How did that happen?

Max Katz ([00:40:50](#)):

I don't know. I didn't know that was a case. It's happening again. I didn't know that was a capability.

Ophir Gottlieb ([00:40:57](#)):

Alright, I have no idea how that's,

Max Katz ([00:41:00](#)):

They love it. They love it. We're getting

Ophir Gottlieb ([00:41:02](#)):

Accolades. I have to stop sharing my screen. I'm going to totally lose it. I'm going to totally lose

Max Katz ([00:41:06](#)):

It. So if you're a platinum user, you're still on by the way. You're still visible.

Ophir Gottlieb ([00:41:16](#)):

No, I know. I was just saying I had to take off the shared screen share.

Max Katz ([00:41:19](#)):

Oh, okay. If you're a platinum user, you get to see up to 200 stocks in a portfolio. We don't have CML is doesn't have any that are more than two. So you'll see the entire portfolio if you're a platinum user, if you are a regular user, it'll only go up to 50 and then you have to as very quickly just showed your own personal portfolio for the balance of the stocks. Okay, here's a very common question and it's a very good question. Does the alert go out intraday if the conditions are met or does it only happen after the close? So these alerts, they go out the first time during the day that these technical open conditions are met. I believe it starts a little after 10 30 New York time, Eastern time when trade machine first starts sending out the alerts, right now it's the user's responsibility to double check any alert that you're thinking of taking a trade on Near the end of the day, I do it starting at three 30. I check those technical open conditions and make sure that they are still holding

Ophir Gottlieb ([00:42:47](#)):

And a soon upgrade you'll see soon is you will actually have this, you can go at 1259 or 10 43 and it will tell you if a back test is active and not only will it do that for you, it'll just tell you the trades tell you the options. If this is a 40 30 delta spread, it'll tell you short, these long, these active now, and when I say active, it's going to have a timestamp. It'll say as of 11:45 AM Pacific time, this is active and then you refresh. And at 1234 Pacific time, it'll look like this. Not it will. It could look like this. Pull it

Max Katz ([00:43:26](#)):

Up, right?

Ophir Gottlieb ([00:43:28](#)):

Say not

Max Katz ([00:43:28](#)):

Something right. If something is supposed to be above the 200, it's supposed to have crossed that day above the 200 and then it dips below. That alert is active, will go

Ophir Gottlieb ([00:43:41](#)):

Away by mid-January. Now I'm going to run a whole webinar. That's when that's hear from me for a big webinar. So that's coming very soon and trade machine will check it instantly, just every moment, every moment we can check, check, check and it will give you the options. So you're ready to roll.

Max Katz ([00:43:56](#)):

Okay. If someone agrees with us that they get the alerts during the day, if there's a trigger, all right. ER said that we are limited to 50 unless we are platinum. That's correct. I'm an annual subscriber and getting different total results. Following your exact same search, is there a typical solution to this issue? Yes. You probably don't have the same end date as though Fear was using. That's the first thing you need to do is click on, in my case, in Fear's case, we always started for three, click on that and it'll update the start date and the end date.

Ophir Gottlieb ([00:44:36](#)):

Yep.

Max Katz ([00:44:37](#)):

Alright.

Ophir Gottlieb ([00:44:38](#)):

And if you're still having trouble, you're like, it's just not matching PHE stuff. What you do is you get the back test link. So you click this, copy the link, copy the word, and just send it to support. So just so you know what this does, there's an individual link for every single back test in the history of trade machine and the future of trade machine. So it'll be specifically this test and you'll say, I'm specifically running this and it's specifically not working or it's specifically not what PHE said and tell look and tell you why.

Max Katz ([00:45:07](#)):

Alright. And then one person is confirming that you were on the three year when you were doing your back test, not the one year on healthcare. Yeah, I'm pretty sure that that was the case. That's

Ophir Gottlieb ([00:45:20](#)):

Right. Yeah.

Max Katz ([00:45:21](#)):

All right. So if I look at only the defense sector, can I just put on a separate portfolio? Absolutely. You can build whatever stocks you want to put into portfolio. It's all yours.

Ophir Gottlieb ([00:45:35](#)):

We offer you unlimited portfolios. You can have 300 portfolios if you're a money manager, you have clients or whatever, and you want each of their portfolios. We have people who do that. They have each of their clients whatever you want.

Max Katz ([00:45:46](#)):

Okay. What would you do if the PCS begins to go against you? PCS being the put credit spray. All right, so phe, and I may disagree on this, we'll find out shortly, but if my short strike is breached, so in this case, if that short 40 delta put is approached, not even breached, I'm looking and I put it on for an acceptable credit, I might look to roll down if there's enough time left within that current expiration. If I still want to stay in the trade or I may look to roll the whole put credit spread out to a later expiration if I still want to be in the trade. If I don't want to be in the trade, then I'm going to take my loss and move on to the next trade. That is however not what the strict technical open and close conditions of the back test say. But that's what I do.

Ophir Gottlieb ([00:46:57](#)):

Yeah, add your own personal flavor. What trade machine does is it just waits the 30 days,

Max Katz ([00:47:03](#)):

Right? It gives it the time allocated. If it's a 30 DTE trade, it'll wait all 30

Ophir Gottlieb ([00:47:11](#)):

Days unless it comes back and you're gain is 50%

Max Katz ([00:47:15](#)):

Correct for the fade to dip plus ai, will you go out at 50% even if you see strong potential to the upside personal. So once again, personal preference, I would close the original trade and potentially put on a new trade book some profits. If I still see potential to the upside, I sell another, put credit spread out 30 days, but a new trade, new expiration, et cetera. That's what I do. The XLV looks great for three years, but only 5% average trade for one year. How should we think about this multi timeframe? Okay, so I'll tell you what I do and then PHE will tell us the way it should be. I started three years, let's say I'm looking at, I don't remember how many stocks are in healthcare portfolio, but let's say it's a double digit average percent return. It's acceptable to me. I go find the top 10 stocks that I like the best with the best average return. Those are the ones that I use to do my two year back test and my one year back test. And if those 10 hold up, they become personal alerts of mine. So I don't rerun the entire portfolio for two years and one year. If the three year results for the entire portfolio were good and easily acceptable to pick the winners from there. That's what I did.

Ophir Gottlieb ([00:49:02](#)):

I got some good news. Max.

Max Katz ([00:49:04](#)):

You did? Is it related to this question?

Ophir Gottlieb ([00:49:11](#)):

No. So far 141 of my contracts, the market maker said okay, they gave it back. I saw a lot more to go. That's a lot more. Yeah, it helps to have it. I'll just little bit of pull.

Max Katz ([00:49:23](#)):

Alright, you'll be able to able to sleep tonight.

Ophir Gottlieb ([00:49:26](#)):

Honestly, I don't feel like vomiting anymore now. It's just a very bad trade. Not the worst trade of my

Max Katz ([00:49:30](#)):

Life. Yeah, some people may have joined us after you shared your problem at the beginning of the session today. So you want tell them what the problem was?

Ophir Gottlieb ([00:49:40](#)):

I'll tell 'em at the end. Let's do Q, I'll

Max Katz ([00:49:42](#)):

Tell. Alright, we'll get 'em to stay till the end.

Ophir Gottlieb ([00:49:45](#)):

Oh, thank God.

Max Katz ([00:49:46](#)):

Alright. Someone is reminding us both that Amanda is totally awesome. I agree 120%.

Ophir Gottlieb ([00:49:55](#)):

That might've been the whole point of the webinar to tell you the truth.

Max Katz ([00:49:58](#)):

This is great. I've been a member for years and years and love that we will do this every week. Where do we find the recordings? I think fear has showed us where they are in the Learn tab. Okay, max Fear. Here's where I am struggling. I'm trying to embrace the power and plan of the back test and the trade while breaking away from my prior technical analysis. So do you take trade machine alerts and put the trade through any other analysis before executing? I think that's personal preference and it's whatever makes you more comfortable to potentially pull the trigger. I can tell you there's a number of people in community, I'm stressing community. You should check it out.

Ophir Gottlieb ([00:50:46](#)):

Please check

Max Katz ([00:50:47](#)):

That. Start with the chart and then we'll look at the alert and then go back to the chart. And of course Patent Finder is great show patent finder to look at the profit and losses, potential profit and loss zones.

Ophir Gottlieb ([00:51:02](#)):

So let's say we thought maybe there was something happening in, can you give me something from the today tab? Oh, I don't know why I just said that. I can just look up today. Sorry. So let's say we were looking at, since we're talking about Fade the Dip, and there is one today, it's IBKR. Okay. Right? And we're like, we know it meets all the criteria. No problem. Let's take a look at the chart in Pattern Finder. You can pull up IBKR and see where we're at, right? This is all algorithmically done. The prices drive me crazy, so I actually turn the highs and lows off. If you're just saying I'm just taking the prices off, it just makes it too, I dunno, my eyes can't handle it, but what I see here, fade the dip is selling a put spread. I see support that.

([00:51:43](#)):

Okay. Resistance. Resistance, resistance, resistance, resistance turned into support resistance. This line to me, oh, and resistance and this line. To me, I like this Now Trade machine would've to tell me to do it, but if I'm checking the chart, if I don't see any reason not to do this now I see a reason with several times where this congestion line has acted as resistance or support. 1, 2, 3, 4, 5, 6, 7, 8, 9 times. I'm feeling even better about this trade. Does that mean I won't lose? No, it doesn't mean I won't lose. But how would you use stock charts? This is how I would do it. If you're a trade machine member, you can get pattern finder, which is normally, I think \$800 a year. You can get it for \$99 a year. We cannot give it to you for any less. So you just email support and say, Hey, I want pattern finder.

Max Katz ([00:52:37](#)):

Yeah, I mean I'm a novice as far as chart reading, but Pattern finder gives me trend lines and p and l zones and that's what I refer

Ophir Gottlieb ([00:52:46](#)):

To. And you can use it as your own guide, right? So the stock right now is at 82 99 and looks like this resistance point is like 81 56. You might say if the stock hits 81 56, I'm getting out. I don't care what trade machine says, and alternatively, if the stock gets up to here to this resistance line or on 89, I don't care if it's 30 days in or whatever, I want to get out there. So you can create your own rules. Trade machine is very specific and it's not ambiguous. The rules trade machine has. If you want to do more than that, of course you can, but you don't have to.

Max Katz ([00:53:23](#)):

Yeah. Okay. We've answered another question, which was I'd like to see how OPR uses pattern finder to validate, invalidate a fade to dip strategy. So there you go, but that's personal preference. If you don't want to look at the chart, you just go by what the trade machine back test indicates. Max no fear. What strategy should a begin or master first?

Ophir Gottlieb ([00:53:51](#)):



I actually have an answer for that Max, if you don't mind the four that I showed. So this was number four. I'm going to redo number one. I didn't do a good enough job

Max Katz ([00:54:00](#)):

That was spread to solo.

Ophir Gottlieb ([00:54:01](#)):

Yeah, but the reason is it's not that these strategies are so brilliant is that they cover everything I want on a market. You need to be able to have triggers when a market is falling apart and could be recovering. You want to do that both receiving a credit or sorry, and paying for a spread where it's a debit and that's spread the sell off and buy the dip. So two different ones for the same situation. You want something that has to do with this pre earnings optimism, right? That's the diagonal that I showed last. What was that, max? That was Thursday, right? Yeah. So I want, that's kind of an up market. And then you want one where it's a recovering market also where a stock is starting to show strength where you're also receiving another credit and that's fade the dip. Those four across sectors get me kind of every kind of market.

([00:54:54](#)):

That doesn't mean that I've now found the holy grail for option trading. I'm just telling you that if you were like, Hey, I really discourage people from having just one strategy. Having said that, I have seen people when I was a market maker who basically were good at one thing and one thing only and they made millions of dollars. So bless them. I don't feel that comfortable in just one strategy. So I would say there's a reason I've chosen these four for the first four sessions and there's also a reason why I'm going to do the first one again. I didn't feel like I did it well enough.

Max Katz ([00:55:21](#)):

Okay. And I'll just add my personal preference. The strategy I actually like the best, and it happens four times a year for every stock is the pre-running long call diagonal. So yes,

Ophir Gottlieb ([00:55:36](#)):

That's awesome too. That's what we showed Thursday,

Max Katz ([00:55:41](#)):

Right? Okay. I have to read a little more quickly. In the fade, the dip example of PFE is chosen and what do we do? What type of entry, exit follow the back test rules, et cetera.

Ophir Gottlieb ([00:56:00](#)):

I can show it

Max Katz ([00:56:01](#)):

Here. Okay, thank you. I'll just say that it's a close when you achieve your 50% profit limit, which is 50% of the credit that you sold the spread for or the 30 days ends.

Ophir Gottlieb ([00:56:19](#)):

So here it is. Here's Pfizer, no wins. It just doesn't matter. You're just picking No, that's the wrong B test. Sorry, I want to fade the dip ai. I'm sorry, I chose the wrong strategy.

([00:56:33](#)):

Fade the dip, let it load. Great. Go to your ticker. If this person was asking about Pfizer, no problem. Look at the last three years looking pretty good. Okay, so the question is, what do I do now? Yay. If it gets triggered, what do I do? It's a short put spread. It's short. The 40, 30 delta puts. So you're short, the 40 delta puts long, the 30 delta puts, you're like, cool. What's that? Go to the options chain. And by the way, it's 30 days out the closest to 30 days out. So you go to the options chain. Options chain soon, you won't have to do this, right? Remember that picture I showed you soon? We're going to do this for you. So as a stop gap for the next two weeks, okay? You go to the options that are the closest to 30 days from expiration.

([00:57:19](#)):

That would be 31 days. Okay? It's the 40 30 delta. So it looks like it would be selling these, right? Selling the 28 strike and buying the 27th strike. This is the closest to 40, 30. As I said. I'll share the screen again very, very soon. We're going to take that off you. We will just tell you if you want to do this trade, it's not advice. We cannot provide advice, but if you want to, what we can do is share what the backtester is testing. So very soon you'll just get it. We'll do the work for you.

Max Katz ([00:57:55](#)):

Right? And I use that as a starting point, but I'm always looking at the option chain myself and seeing if there are some IV disparities that I want to take advantage of. In addition, did the one by three by two butterfly give better returns than the one by two? By one by two, yes.

Ophir Gottlieb ([00:58:18](#)):

And it's fewer legs, so smaller, less commission,

Max Katz ([00:58:23](#)):

Right? It widened the butterfly a little bit at the beginning, et cetera, et cetera. The hardest part of following a TEM trade is it contradicts the philosophy of keeping stops tight. When a lot of trades I've experienced drawdowns, then gains come. It feels like I'm having a hard time sizing up.

Ophir Gottlieb ([00:58:45](#)):

Alright, there's an alternative to S up. Go ahead.

Max Katz ([00:58:50](#)):

Well, I would say that keeping stops tight is not necessarily the direction that I would be going in. I would follow the rules of the back test that have validity and stick to them,

Ophir Gottlieb ([00:59:11](#)):

Not just that options trading is speculative and it's not for everyone. It doesn't mean you're not smart enough. That's not what I, it is just personalities. It's like I want to jump out of a plane. Some people love jumping. I'm being on purpose with a parachute. It doesn't mean that I'm stupid, I just don't like it. So options trading. There's great volatility in your trades and that's why you want to have a portfolio of trades because the truth of the matter is one or two trades can go cuckoo and they could go cuckoo good or cuckoo bad, but it's just not, you need to have this portfolio of trades, right? Things are working with you and against you. You're diversified across your volatility positions. So one trade doesn't, none of the trades trade machine has are naked or at least not naked to the downside.

Max Katz ([00:59:57](#)):

Don't keep your size small on everything. If you keep your size relatively small, then no one trade can hurt you because you didn't have a tight

Ophir Gottlieb ([01:00:08](#)):

Stock. And if you want bigger size, you can get a larger portfolio of trades,

Max Katz ([01:00:13](#)):

Right? Oh, here it's 3 0 2. I have the time. I don't know if you do.

Ophir Gottlieb ([01:00:18](#)):

Let's just finish. How many questions on the left?

Max Katz ([01:00:23](#)):

We haven't addressed the four in Q and a, and this is, I don't even know where the end is.

Ophir Gottlieb ([01:00:31](#)):

You're done.

Max Katz ([01:00:32](#)):

We're we're going to stop.

Ophir Gottlieb ([01:00:33](#)):

You just said same entry criteria for one by three, by two. Yeah, I think we're there. So the rest you can ask Max. Let's do the q and a since they're there.

Max Katz ([01:00:42](#)):

Okay. But please feel free to ask me anything in community.

Ophir Gottlieb ([01:00:47](#)):

Yeah. So I'll do these. So someone says, thanks Max for your expertise for this new service. Where can I find the link for the first two sessions? You can't. So that's been covered,

Max Katz ([01:00:55](#)):

Right? So that's been answered.

Ophir Gottlieb ([01:00:56](#)):

Here's where I'm struggling. I'm trying to embrace the power and plan of, okay, I think this was asked in chat. Why do some strategies include AI and some not? Well, not every strategy. We haven't implemented our artificial intelligence on every strategy. Not every strategy has to be AI driven. I would take the power of ai, you can't replicate it anywhere. It's ours. But not every trade has to be AI driven, right? Sometimes there's just patterns that work and you perhaps want to play along. So that's why on back test tab wise, the s and p 500 not included, because it's a 500 ticker bucket and we only do 200 at once. Hypothetically, we could break the s and p 500 into 200, 200, 100. The real reason I don't have the s and p 500 in there is because it's sector agnostic and I'm the opposite of sector. I want to see how each sector is doing. I want to spread across sectors. And the s and p 500 is just

Max Katz ([01:01:51](#)):

So,

Ophir Gottlieb ([01:01:52](#)):

That's why you can feel free to create this 500 into three groups. 200, 200, 100. If you're platinum

Max Katz ([01:01:58](#)):

Member. Yes. But I want to say additionally, that doesn't mean you can do a back test on SPX. You can do back tests on SPY. There's nothing stopping you from doing that. Okay.

Ophir Gottlieb ([01:02:14](#)):

Okay. And the last one is, someone says, phe, can you tell me what went wrong with your trade today? Okay, here you go guys. This is humiliating. I was on the phone with my best friend this morning and I was doing a trade at the same time. Just please don't do that. I know not to do that. And I did it anyway. I was just shooting the shit, my buddy. I was like, hold on. I got to place a trade and it was a few hundred law, and I had a very specific limit that I was willing to pay, and the limit was reasonable. I wanted to pay 2 75, doesn't matter. So I was doing like 250 options at 2 7, 5 at 4, 2, 7. But the market was like a dollar at four 10. It was a very wide market. So you'd never do market orders. Market orders are how you shoot yourself in the face.

([01:03:02](#)):

So I did it. I pushed limit, blah, blah, blah. And I put 2 75. And I think what happened is that Schwab was like, Hey, this doesn't trade in nickels. It trades and dimes. So I think I had to switch it to two 80. So I thought I switched it to two 80. Hit review, hit send. I guess I didn't. And Schwab put it at four 10. So I paid a dollar 40 more on 250 contracts than I wanted to. So I totally, totally, totally posed myself. And the lucky was only \$35,000. But if I was trading bigger, I could have cost myself a million dollars because I was talking on my phone with my friend. That's just a terrible way to trade. Now it turns out a hundred and so far, hopefully more so far, 141 have been reversed. So there's only 109 left, which means it saved me already about 60% of my loss because I went out to the market makers and I said, Hey, I messed up. Can we undo this? And they have every right to say no. Well, when I was a market maker and retail trader, I'm a retail trader now. When a retail trader asked me, it came through. I always let 'em out. So this might be a little bit of good karma now. I hope to get all of them out. But

Max Katz ([01:04:26](#)):

Now did your friend initiate the call or did you initiate the call?

Ophir Gottlieb ([01:04:32](#)):

You're looking to assign blame? That's right. He messaged me and said, Hey, and I called him.

Max Katz ([01:04:38](#)):

Alright. I was going to say, you can't go to your friend and say, Hey, we're splitting this error.

Ophir Gottlieb ([01:04:43](#)):

Oh, this was a hundred percent my fault. He felt terrible. I was like, why are you feeling terrible? It was my fault. He didn't do anything wrong. I can tell he's my best friend. I can say, Hey man, I got to go. I got to place this trade. I'm going to call you back. And he was, I was so sick to my stomach and it wasn't the money. It's such an amateur mistake, and good karma is making it. So I only have 60% of the loss. So I'm only going to lose. Maybe I'll get more. I don't want to jx out. Maybe I'll only lose 12,000, which for me is like rounding error because of all the trades I have, I wouldn't even be able to tell. But yeah, it made me feel sick to my stomach. I was in a really bad mood when I started the session. And seeing Max's face made a better mood. But I'll

Max Katz ([01:05:34](#)):

Take that as a compliment.

Ophir Gottlieb ([01:05:35](#)):

It's really, really embarrassing. It's really embarrassing. So

Max Katz ([01:05:41](#)):

That's all right. Everybody, come visit me, community. Hope you have fun

Ophir Gottlieb ([01:05:46](#)):

And you'll get the recording. Bye guys. Bye.

Max Katz ([01:05:49](#)):

See you.

---

## TradeMachine® Live Help 12-21-2023: Pre-earnings Diagonal AI



Ophir Gottlieb ([00:05](#)):

Disclaimers. The results here are provided for general information purposes. As a convenience to you, the viewers, the materials are not a substitute for obtaining professional advice from a qualified person, firm, or corporation. Even further, this is not a solicitation to buy or sell any security ever. This is not advice and past performance is not necessarily indicative of future results. So I'm going to start broadly to be, I've said this before, to be successful, this is my opinion, to be a successful trader, you need three things and it isn't obvious that you need three things. It seems like you only need one thing. So I'm going to go through that, right? So you want to focus on the long arc of your career, not like Thursday, like the long arc of your career being profitable, nine out of 12 months, a year for 10 years. It's not about that trade that day, that time.

([00:55](#)):

That's why as a successful traders, you don't really get too caught up on a single trade. It's just one more data point. Okay? The first thing you need of three is a process, which we just call a plan in finance and trade machine is built for this. It's exceptionally good at this. And a plan is what to trade, when to open it and when to close it. And if you're thinking to yourself, well, if I know what to trade, I know when to trade it and when to close it isn't that enough? That should be enough and it would be enough except for one problem. We're human. We're human. And by the way, I didn't mean to say that being human was a problem. So what else do we need? Since being human means just having a good process or plan isn't good enough. Well, you need patience and you need patience in your plan, so your process, but you also need patience with yourself. For some people, this is actually quite easy. It's remarkable. I am not a patient man, and this was very difficult for me. I have met people for which this is not hard, where patience is just it's written in pencil.

[\(02:09\):](#)

And the third thing is effort. So I call it the PPP and E to be a successful trader. And there's two things about effort. On one side, it will probably be harder than you think, and I know I'm not supposed to say that I'm supposed to be selling you software and telling you that it's easy, but I have a real problem. I tell the truth. So it's very, very hard for me not to tell you the truth, but I always finish with good news since it will probably be harder than you think to be a successful trader. There is good news. Therefore it'll probably be more satisfying than you think it'll be, and that's the reality you need to process. You need patience and you need effort. Okay, last sessions, we looked at what triggers we have when a stock has dropped and might recover, which types of stops, which types of stocks, how much do they have to drop?

[\(03:02\):](#)

How do you play the recovery? Okay, we looked at spreading the sell off, and we did that, which is the most complicated strategy we talk about. So we kind of started with the hardest one. It's a multi-leg trade, three legged trade. We looked at tech stocks and financials. Then on Tuesday, we also looked at what happens when a stock has dropped and might recover, but we looked at a different trigger. It's by the sell off spread. The sell off had AI as well, sorry, but this was just a two legged trade. It was easier, less complex, and we looked at tech, financials, and healthcare. And today, so this session, we're going to look at when a stock is strong and might rise. So we looked at what happens when a stock has dropped and might recover. Now we're going to look at when a stock is actually strong and it may rise, and we're going to do so with the pre earnings momentum, diagonal call spread with ai, and we're going to look at it with the tech, financials and healthcare.

[\(03:58\):](#)

And the reason we want to look at multiple sectors, which is what I'm starting to introduce now, is that oftentimes we talk about things like a bear market and a bull market. Well, other than Covid and the recovery from Covid and all these things, in a normal healthy market, yes, we can say we're in a bull market or a bear market, but in reality, certain sectors are almost always in a bull market and certain sectors are almost always in a bear market. They just flip. And so you want to have exposure to these industries. So maybe you have these great trades for when stocks are falling apart and they might recover, but you're all tech and tech is just going up, so you're not getting any trades because it's just not happening, right? They're not dropping. But if you had financials in there, you'd have gotten some triggers.



[\(04:44\)](#):

Alternatively, when a stock is strong, it might rise, say, well, I'm only getting tech signals. Yeah, well don't you worry. We get financials in healthcare. So in my opinion, you need at least two semi uncorrelated industries. I love tech, so it'd be for me, it'd be at least tech and financials. I offer healthcare. That's another one, which is like semi-related, but you want at least two sectors per strategy. If that sounds complicated, don't worry. It's really easy. I think that's the end of the slideshow. Now I'm just going to do trade machine. Oh yes, I'm also going to do multiple timeframes today. Okay, so that's it for the slideshow, and we'll now do trade machine. Max, do you see my trade machine guys? I'll ask in chat. Do you guys see my trade machine? Yes.

Max Katz [\(05:36\)](#):

Sorry, I was muted. I muted

Ophir Gottlieb [\(05:37\)](#):

Myself. No problem. Okay, so this time we're going to pick, so this is how you do it in the trade machine. Just we're going to go to the backtest tab. Nice and easy. By the way, we're going to create 50 trades for ourselves right now together across three different industries. We're going to go save back tests. Today we're doing the pre earnings diagonal with ai. So I just select that and I load it. It's going to load a single ticker, just let it do its thing. No problem. Great. Let's switch it to three years. Okay? I said I was going to do tech software, sorry, tech, financials and healthcare. So I'm going to go to portfolios and I'm going to start with a NASDAQ 100. Everyone has these portfolios and trading sheet. Everyone. The NASDAQ 100 has a hundred companies or 101 companies because there's Google and Google.

[\(06:26\)](#):

If you're a platinum member, meaning you're an annual member, your backtester, this tab we're looking at can go up to 200 stocks at once. If you're not an annual member, then you can only get 50. So it'll stop at 50 and it'll tell you, Hey, we've only done 50. So there's a reason to go annual and say, well, why do we do that? Because we have to commit more resources. We have to upfront commit to AWS, right? Okay. So what we're going to do is see how this does in tech over three years, and then we'll also do it in six months. But I'm going to save the three-year results. I'm going to take a little picture of it so we can compare it to the other sectors. So let's let it do its thing. Probably the most interesting part of our presentation is watching my screen load back tests. So I hope you're enjoying this on your Thursday afternoon or evening.

[\(07:18\)](#):

Oh, by the way, platinum members or annual members also get a back tester, which is five to 10 x faster. So the reason mine is going so fast is because I'm a platinum member, and if you want to become an annual member, just email support. You get your price times 12, there's you just get your price times 12. That's it. It's just very simple. Alright, so at the end of this, oh, by the way, you should know this. When this is all done, you'll be able to download every single trade from every single stock across all the years in one file if you want to. That's a new thing we've added. Okay, so here's how it did. I'm going to take this snapshot, and just so you guys know, I'm not messing around. There's a check mark. I'm not messing with the numbers when I bring it back. Okay, let way, okay. All right. So this trade, if we click edit, we can see what the trade is. This is a diagonal call spread. The reason it's called the diagonal call

spread is four, three reasons. First of all, well actually four reasons. First of all, it's considered a spread because you're long an option and you're short an option. Keep it simple. You're buying something and you're selling something that's automatically called a spread. The reason it's called the call spread is because you're doing it in calls.

[\(08:41\)](#):

The reason we call it a calendar spread is because you're buying an option, which is the closest to 14 days from expiration, and you're selling a call, which is the closest to seven days from expiration. So it's different calendars, different expirations, and the reason it's called the diagonal is because the strike prices, the deltas are different. So this is a call calendar, diagonal spread in particular. Oh no, it's okay. I saved. No, I saved it. Don't worry, I saved it. We don't have to watch it. Another thing is this is a customer earnings trade. So this trade opens 14 days before earnings and closes the latest one day before earnings, but it doesn't really close one day before earnings because this strategy closes everything with the front month options. That's option speak for saying this entire trade closes when this one week option expires. So on average, this is a one week trade, give or take, okay?

[\(09:43\)](#):

A one week trade, 14 days before earnings, you open it, you look for the options that are closest to the ones seen on your screen, enter the trade, you exit the trade. About a week later, coming soon to trade machine, we're actually going to tell you what these options are in real time. You don't have to look it up. We'll say this ticker, this strike, this ticker, this strike, buy, sell. Okay? Now don't worry, we're not going to watch all that. Remember, these were the results over the last year. So that three years, that means we were making this trade was doing 12% per week. This is a one week trade. So keep that in mind. A one week trade.

[\(10:23\)](#):

Now, how's it done over the last six months? We're still in tech, and then we're going to go to other sectors. So this is our benchmark, right? Hey, if I can make 12% a week, that's really, really good. The win rate's 57%, great. Something that wins about six out of 10 times I'm in. I don't care terribly about win rates. I don't want something that has a 20% win rate. I'm much more interested in the average trade. I do have a minimum win rate. Maybe 40% is my minimum win rate. I'm interested in the average trade. I'm willing to take a little bit more risk, which means my win rate will go down for larger results. Okay? Now we're going to do this six months, this should go much faster. This is still in the QQQ. So this is still basically technology. It's the largest 100 companies on the nasdaq.

[\(11:15\)](#):

So it's not all technology. It has companies like Starbucks, but close enough, alright? And you can see how the last six months have been relative to the last three years. So what we're looking for is consistency. So we were getting 12% over the last per week over the last three years and 15% over the last six months. I wouldn't say these numbers are actually different. This is very few traits. This is for the win rate is 65% to 57%. It looks like the signal's holding up. This is kind of what you want to see. Okay, so now that I've done that, I feel really comfortable with tech. I'm going to do the three year back test one last time and I forgot to show you how to add alerts. Then we're going to go to another sector. So we'll go in here and we'll go to financials and then we'll go to healthcare.

[\(12:05\):](#)

We'll compare it to our benchmark. If an industry or a sector has strong results overall, that's what, these are the overall results, these are overall results, then I'm okay going through and finding the best ones, the ones that have performed the best. If a sector does not have good overall results, then I'm not going to start adding alerts to it. I'm not going to take a sector, and I'm going to show you an example of that. I'm not going to take a sector which overall has bad results and try to find the best performing ones. That to me feels like luck. I'm trying not to do that. If that sounded a little hard to understand, it's the third example I'm going to show. So it's sort of a prelude, well, a preface, how about that? Alright, cool. Now it's done. So what I would do is I would, since I like these overall returns, I'm good. I like this. Now lemme find the best ones. I'll sort by average trade, I'll take the ones that I want alerts for. That's four trades. These are all one trade and one trade, not convincing enough. Three trades, two trades, apple, six trades, two trades, two trades, three trades. I'm just looking at the wins and losses. BKR price line. It's either Google or Google, doesn't matter. Biogen, Starbucks, s Gen PR. I'm going to go through the whole thing. CDNS. Oops, I don't need that.

[\(13:36\):](#)

Charter. CDNS. Okay, I'm probably good there. Yep. T-X-N-T-X-N. There another one I want I average trade is 22%. I'll take this with trade desk. That's okay. A three in one, three wins, one loss. Okay? So I like those. Now, if I want to know when it's 14 days before earnings and whatever technical conditions this trade has are satisfied, and I don't want to just keep staring at my screen, I go to ad alert, it's going to take those tickers automatically. It's days before earnings with technicals. It's 14 days before earnings with technicals. The technicals are that the stock is above the 50 day moving average. Remember I said on the slideshow we wanted when a stock is strong and may rise more, if a stock is above the 50 day, I consider the stock to have strength, roughly speaking.

[\(14:37\):](#)

Alright? I'm going to give myself a note and say pre earnings diagonal with ai, but this time I'm going to tell myself which sector. It's this is tech and all I have to do is click add, alert. Okay? We've just added 19 alerts, you guys, we've just added 19 alerts together. Okay? But that was tech. What about financials? And remember, we have a benchmark. This may surprise you what happens here? Okay, so here's our benchmark. This is tech. Great, 12% a week I'm in, I'll take it over six months. It was 15%, which is roughly the same thing, maybe a little stronger. Great signal has strength, has persistence, I'm in, but I want to be diversified across sectors because if tech is in a recession, then nothing is going to be above the 50 day moving average. And I'm never going to get any alerts and I'm just going to be sitting there saying, well, what's trade machine doing for me? So while if tech goes into recession, it's quite possible that financials are showing strength. We certainly saw the opposite this year. Tech was doing great and financials were in a recession. I'm not talking about the last two months when everything's going up. Now remember, I'm going to try and hide it. Do you guys think financials did better or worse than tech? You can tell me in chat, do you think financials did better or worse? This is a momentum play. It's pre earnings. Anyone, it's 50 50 better. Okay, worse, worse, better, better, better. Ready?

[\(16:16\):](#)

Ready. Look at that. More than twice as good. 30% per week on average and a 61% win rate. Now, I ask you, do you also want to have some financial stocks in here for this in your alerts? Yeah, I do. Yeah, I really do. Since this qualifies for me that the overall results are good, I'm willing to go and cherry pick

the best. So I'm going to sort by average trade and here we go. A IG. Great story by the A IG, but I won't share it now because I was on the floor when a IG went bankrupt. Okay? Oh, oops. Bank of America, that looks juicy. SPGI. So what I'm doing is guys, is I'm looking how I'm choosing, I'm looking at the average trade, that's all huge, but I'm also looking at the number of times it triggered with wins and losses, right?

[\(17:09\)](#):

I don't want it to just be one. I know some of you may not agree with this and don't do it, but I don't mind three wins and three losses. If the average one week trade is 46%, that's fine with me. I know for other people like no, I like more wins and losses, no problem. These are my alerts, right? No problem. Schwab four and one P and C, there's a two. Oh, there's a two. Oh, what else we got? Here's a two. Oh, there's a three. Oh, visa, big time. Big fan of Visa, bx, American Express. Okay, that's about as far as I'll go. Well, actually I really like MasterCard four and two, 15% a week I'm in. Okay, sibo. Yeah, I'll even do SIBO three wins, one lost 12%. I'll do the same thing. I'll click add alert.

[\(17:56\)](#):

It's already set for me and I know what this is. This is pre earnings, diagonal plus ai, but these are financials. All right, so I added 19 for tech, I added 20 for financials. That's 39. So we have 39 trades together already. Just loading it up. And now since I've gone across sectors, if one's doing poorly and one's doing well, I'll still be getting alerts. I'm not going to just miss out on alerts and just wait for trade machine to tell me something. Okay? Now I'm going to try something else. Remember, this is our benchmark. This is tech financials. Crushed it. That's why I'm adding them. That's why I showed it to you and I said, let's check healthcare. Okay, here we go. Healthcare.

[\(18:43\)](#):

Now, tech did nicely. Financials did phenomenally well. What do you guys think about he healthcare? Worst of the three worst. Did you dedicate a certain percentage? Better, worse, better than tech? Worse, okay, worse. Worse. Better than all. Better than all. Interesting. All right. Is this done? No. Okay, well, let's see. We could have made a market here actually. All right, here's our benchmark. Nope, nope, nope, nope, nope. Let it load. Let it load. Okay, ready and negative. So the reason I point this out, I'm going to just remember, you know what our benchmark is, I'm going to move it is what I could do is go to average trade and find the ones that have worked. These are awesome. I don't want to do that. I don't want to start cherry picking the best out of a sector that isn't doing that well in this industry.

[\(19:59\)](#):

And the reason is, I do believe there's at least a fair amount of correlation between stocks and sectors, obviously, right? Like Apple is on an island. I wouldn't compare Tesla to gm, okay, fine. But I don't know all these companies, I'm not a huge researcher in the healthcare space. To me they're related or semi-related. And if in general there isn't this pre earnings optimism for the sector, then I don't really want to go stock by stock. To me, it's a pass. It doesn't have to be a pass for you. You could do the same thing. Sort of say, oh look, Biogen is good. A BT is good. You could do it for me. That's a no. But remember what I said at the beginning in the slideshow. I want at least two sectors for every strategy, at least two. If I'm really gung-ho and want to spend some time, I can go through every sector, utilities, basic materials, industrials, consumer staples, energy. I mean as you wish. And the reason I say as you wish is because of what I said at the beginning.

[\(21:07\)](#):

How much effort do you want to put in? You don't have to. It's up to you. Trade machine will make the effort easier. Can't do it all for you. All I'm asking you to do all trade machine asks you to do is click some buttons. Okay? That's the full presentation for the night. We're going to go to live q and a. I'll stop sharing my screen. Someone ask, is XLY available? I think it is. No, it's not. Okay, well remember, oh, I should tell you guys, you can create any portfolios you want, just so you know. So click on portfolios and click new, and you can, if you want to do XLY, type in XLY and then you copy and paste the tickers here. Okay? So you are not limited to the number of portfolios we have. We just do you the favor of giving you some a pretty big list. Alright, let me go to the Zoom. I will stop sharing. I will start my video. Mr. Katz, if you don't mind.

Max Katz [\(22:08\)](#):

Okay, I started my video, I'm back.

Ophir Gottlieb [\(22:10\)](#):

Nice to see. All right, go for it.

Max Katz [\(22:13\)](#):

Alright, the first question in the chat is, it was a good one. OG has said the only way to hedge an option is with another option. Would a strangle or straddle qualify as a way to hedge? The answer is as PHE is shaking, his head is no, except it will hedge your Delta exposure, but it will double your volatility exposure because if it's a straddle or a strangle, you're short on the put side and you're short on the call side, you've got two shorts. So your short volatility or cost, you're short. You're short volatility if you're long, if it's a long strangle, you're long volatility on both sides. So the answer to the question is no, except for the delta, which would be hedge. Alright, cute nephew sweats. I assume they're talking about you.

Ophir Gottlieb [\(23:26\)](#):

Thank you. This is actually Abercrombie and Fitch and there's a hole in the back and I'm throwing it out. This is one of the last times, the last time you guys will see this, for those of you who are CMO Pro members is when I announced this end of your CMO Pro webinar, which will be Saturday in a week from now. So last time, the year will end with this sweater finally being retired after.

Max Katz [\(23:45\)](#):

Alright, I got to know because I'm partially colorblind. What color is that? Yellow? It looks like mustard to me.

Ophir Gottlieb [\(23:52\)](#):

Yeah, lemme,

Max Katz [\(23:54\)](#):

Okay. All right. Alright. I was expecting worse. All right. Complimenting how fast the platinum trade machine is, trade machine is keeping you, let's see. Dan Noble is saying trade machine is keeping you from getting in and losing money when the odds are not in your favor. That's right, Dan. It puts the probabilities in your favor. It's not a guarantee. You can still lose. You could have six in. Oh, going into the trade that you put on and after that trade, it's six in one. All it can do is put odd, the odds or probabilities in your favor.

Ophir Gottlieb ([24:34](#)):

And as Jason likes to say, would you rather get into a trade that's won six times in a row or a trade that's lost six times in a row?

Max Katz ([24:41](#)):

Yeah. Yeah. All right. Someone commented, I believe, regarding the financials that they were really bearish at the start of the year. I believe that's the case. And now we have a good question. Is TM going to be alerting for these alerts or do we have to build it ourselves? And the answer is you have to build it yourself. That's how you get up to speed on using trade machine. And you may not necessarily agree with everything that PHE did in qualifying, which alert he put in and which he did not. Personally, I don't like to go below 66% as far as the win rate. That's my preference. I do three years, two years, and one year, and I need to see consistent winning percentages for those three individual periods. And then I will add an alert. But you can do you, but you should do it. What I'll probably do as I did on Tuesday, I'll pick one of the portfolios and I'll create the alerts that I like from that portfolio and I'll post it in community the next day. So tomorrow morning you'll see 14 day free earnings, long call diagonal with AI with some level of alerts.

Ophir Gottlieb ([26:18](#)):

Don't forget the AI one,

Max Katz ([26:19](#)):

AI. If anybody has any preference of the financials or the QQQ, you can put it into the chat and I'll add 'em up and decide which one to do. Do you dedicate a certain percentage to a sector? I assume that means a certain percentage of the alerts that you're going to take.

Ophir Gottlieb ([26:40](#)):

Do you

Max Katz ([26:42](#)):

Do? I do not

Ophir Gottlieb ([26:45](#)):

Neither.

Max Katz ([26:46](#)):

Okay, so we don't, but you could. Alright, someone is saying that you have the opposite of the problem that I have. I usually go too slow. They thought you were a little too fast, but they're going to watch the replay since we're now distributing the videos. That's

Ophir Gottlieb ([27:09](#)):

Right. That's

Max Katz ([27:09](#)):

Right. Alright. Better than Tech XLY is not, but you could create it as a custom portfolio. Got here late. Can we get the recording? Yes, the recording will be available tomorrow. Okay. How many trades per month or year the tech and financial alert should generate? Well, since this is pre earnings, every company has four of those a year.

Ophir Gottlieb ([27:43](#)):

I can actually show it. So hold, lemme share my screen. I'll show the, I still have that little thing saved.

Max Katz ([27:48](#)):

Okay,

Ophir Gottlieb ([27:49](#)):

So do you guys see the wins loss thing? You see this right?

Max Katz ([27:54](#)):

Yes.

Ophir Gottlieb ([27:54](#)):

Yes. Okay. So that's 280 trades, but that's over three years. This was a three year, but so call it 90 trades a year and it's quarterly. So just this alone, although in fairness, I didn't take all of these. I took 19 of them. So in general, this one will probably give me this with, I can stop sharing my screen. This with the other sectors. I don't know. It is different how many I get and how many I take. I probably get about 150 a year. I'd probably take fewer.

Max Katz ([28:40](#)):

You only get 150 alerts or this

Ophir Gottlieb ([28:43](#)):

Alert? Just this. Just this.

Max Katz ([28:44](#)):

Okay. Alright. Thank you. Yes, because I was going to say I get, no,



Ophir Gottlieb ([28:49](#)):

I have, my phone is blowing up every morning.

Max Katz ([28:53](#)):

But keep one thing in mind when you get the alert, I mean today's December 21st and we went back three years from December 21st. Let's say you just missed an earnings and it's going to take three months for you to get another alert. Even for Apple, you have to redo the back test with the current end date being that day's date just to make sure that the results have been consistent. Now in this one, if you didn't miss any of the earnings, it's going to be the same. If for some reason the stock was below the 50 SMA and it didn't give you an alert, there may be some changing conditions. Always when I get an alert from my alert database, I always run it after I reset the three year test period. So it ends on the current day.

Ophir Gottlieb ([29:58](#)):

So what he's saying is when he receives the link, he clicks it, then he just clicks three years, again, three years, two years, one year he does three, two, and one. So that's all you have to do, just do it just to make sure.

Max Katz ([30:08](#)):

Yes. Okay. Now how does one manage risks related to the trade? When do you cut losses? Alright, now if you looked at the alert, there were no closing technical conditions. The trade closes at the end of seven days when that short option expires. So strictly speaking, that's that's how you, you're not really cutting losses, but that's when the trade's over what I do, even though it's not back tested and Hope P can comment on it or tell us what he does. If he does anything different, I am always looking at that short option, especially if the stock is not going up but starting to come off. And if there's no more juice in that short option, I end that trade and make a decision. Do I still want to be long the stock in some option strategy going up to, but not including the earnings date? That's what I do. So if my short option, I sold for a dollar 10 and the stock came off and now there's 9 cents of premium left, I'm closing it. I'm taking my loss at that time on that trade and I'm reevaluating if there are 10 days left before earnings, I could backtest a long call spread for 10 days closing right before earnings. If I still think the potential for that stock to rally is there, but that's custom strategy customer alert. You can make it as simple or difficult as you like

Ophir Gottlieb ([32:09](#)):

To follow the rules of the back test. If you just don't feel comfortable with the knowledge that Max has, right? You just close after a week, that's it. It's just over good, bad or ugly, it's over you move on, follow the plan. Okay,

Max Katz ([32:23](#)):

Moving on. How could trade machine help with day trading zero D-T-E-S-P-X options or other zero DTE options?

Ophir Gottlieb ([32:35](#)):

As of right now, not really. We will have a zero DTE product, but as of right now, no. If you signed up for trade machine and only want it for zero DTE and it's been less than a month email support, tell 'em why I don't want to take your money. We'll give you a refund.

Max Katz ([32:52](#)):

Right? So it's a future but it's not currently available and probably not in the next two, three months. Would that be a fair statement?

Ophir Gottlieb ([33:02](#)):

Yeah, no. What we're adding a trade machine next is that when a back test, like you're on the today tab or you get an email or an alert, well actually I'll show a picture of it, I'll show you what it's going to look like. This is, no one has seen this before, I don't think, did I show this last time, max?

Max Katz ([33:17](#)):

I saw it but I don't remember if we were in the Zoom or not.

Ophir Gottlieb ([33:21](#)):

Okay, interesting.

Max Katz ([33:24](#)):

It could have been before the last Zoom started.

Ophir Gottlieb ([33:26](#)):

Yeah. All right, so let me take this out. Lemme share my screen. This is just a mockup, just don't get too excited. Can you guys see my screen? Yeah, you see it Max?

Max Katz ([33:42](#)):

Yes I do. Sorry.

Ophir Gottlieb ([33:42](#)):

Okay. It'll say, Hey, this is active and it will tell you which options that is short and which options to get long. Literally, you don't have to look it up anymore. You don't have to guess that's it. It tells you the trade per the back.

Max Katz ([33:58](#)):

When do you see that?

Ophir Gottlieb ([34:00](#)):

When it's active. So whenever a back test is triggered, that'll show up. You'll also get that in your email so you don't have to come to trade machine. And if it's not active, by the way, pardon me, it'll look like

this not active last triggered November 6th. So when you're on the back test tab, you're like, oh, it's not active right now. Cool. But remember anything on the today tab or anything that you're getting an alert for, it's going to be active. So it is active.

Max Katz ([34:28](#)):

Okay. But I think the question is it's active at 11 o'clock New York time, but at three 30 or 3 45, is it still active?

Ophir Gottlieb ([34:41](#)):

Yeah, I believe we will be checking those conditions, but I'm not sure. Okay. It could be like the today tab or once it's on there, it's on there.

Max Katz ([34:50](#)):

Alright. Okay. Alright. What I do, I have dabbled in zero DTE, not to any great extent, but I have played around with various strategies and I did try to back test 1D TE, putting it on towards the end of the day, whether it's a 30 point wide butterfly around where the SPX is trading,

Ophir Gottlieb ([35:23](#)):

It's possible

Max Katz ([35:24](#)):

Or selling,

Ophir Gottlieb ([35:26](#)):

You just won't get an intraday signal, but yeah.

Max Katz ([35:28](#)):

Right.

Ophir Gottlieb ([35:29](#)):

But yes, you can look where you can look where Thursday closed, we could look like where today closed? Am I going to want to get in right on Friday morning? You could do that, but that's not, I mean the spirit of zero DTE E is that intraday window I think. Yeah.

Max Katz ([35:46](#)):

Yeah. It's a workaround just to see if I could find anything of value. I haven't found, I have not found a really good trade yet. No,

Ophir Gottlieb ([35:56](#)):

That's part of the reason we don't have a product, just so you know.

Max Katz ([36:00](#)):

Alright. Alright, we'll discuss this on another Zoom. A NF has been a runner. I assume that was

Ophir Gottlieb ([36:09](#)):

Abercrombie fish that that's what I'm wearing. Yeah,

Max Katz ([36:12](#)):

Yeah,

Ophir Gottlieb ([36:13](#)):

That's right here.

Max Katz ([36:15](#)):

Okay. Oh, theater. I value all the hard work your team has done. Have you and the team considered giving one-on-one tutoring, how to utilize this amazing product?

Ophir Gottlieb ([36:30](#)):

Well it's kind of what tonight is and what you have Max and community.

Max Katz ([36:35](#)):

Yeah. So it's one on a few or one on several max sounds much different than I imagined.

Ophir Gottlieb ([36:47](#)):

Me too. No, just kidding.

Max Katz ([36:50](#)):

When I listen to the recording I sound different than I imagined as well. Yeah. Now I hope I'm not speaking at a school of fear, but in the future in community we will have direct private messaging.

Ophir Gottlieb ([37:07](#)):

I'm not sure. I haven't decided yet. Just so you know guys, if you're wondering why I wouldn't have direct messaging in there, it puts the burden of liability on us. If someone then offends someone else, just someone signs up a nobody and they call someone else a bad name. Well that person who got called a bad name could say we created an environment where they feel offended. And so then I say, well then forget it. Because what I don't want to do is read 16,000 direct messages and make sure they're all nice. So I don't want to do that to myself. I'm sorry. I love America. I'm American, I was born here. It's the greatest country in the world, but we're very litigious people. We are very litigious people. If someone offends us, lawsuit. Lawsuit.

Max Katz ([37:54](#)):

I hear you. I was just thinking as a potential way to have a brief one-on-one with someone who has

Ophir Gottlieb ([37:59](#)):

Just not worth the liability. I'm sorry guys, I'm sorry. Yeah, no,

Max Katz ([38:03](#)):

No, no, no. It's your business. You got to run it smart. We are going into the next earning season with optimistic projections. How do we position for such condition

Ophir Gottlieb ([38:17](#)):

Like we just did.

Max Katz ([38:19](#)):

I think we look at the successful back test or we check out a potential back test and see if it is successful in the stock that you're interested in.

Ophir Gottlieb ([38:32](#)):

Oh, I should say this Tuesday's session will be another strategy. So this will be our fourth strategy. It'll be fade the dip with ai. So we've been buying options, we sold options in the spread, the sell off, we bought options with buy the dip, we bought options here. We're going to sell options again.

Max Katz ([38:51](#)):

Yes. Fade the dip plus ai.

Ophir Gottlieb ([38:54](#)):

Plus ai.

Max Katz ([38:56](#)):

Alright, we've looked at spread to sell off one by three by two. Should it be a credit trade to put on? Yes, absolutely. Yes. It must be a sufficient credit.

Ophir Gottlieb ([39:07](#)):

Yes.

Max Katz ([39:10](#)):

If we get bullish and bear signals with one day difference like Walmart, which took me down, is it okay to take both trades if they meet the rules? I've learned a lesson the hard way this past two weeks to ignore the alerts to ignore both of them. Someone had a suggestion in community that said, Hey, maybe we should sell a strangle because it's going nowhere if both alerts hit. So I I have not back tested that

Ophir Gottlieb ([39:47](#)):

Or buy a strangle. You could even make an argument to buy a strangle. Yeah,

Max Katz ([39:50](#)):

Yeah. In the case of Walmart, it's just been bouncing right around the 200 day SMA above and below and then back above and then back below. Trigger,

Ophir Gottlieb ([40:03](#)):

Trigger, trigger.

Max Katz ([40:04](#)):

Yes. And going nowhere. When you set up the alerts, it's demonstrated tonight, do all the alerts come in or do they auto cancel if not meeting all the requirements at that two week earning timeframe to make them actionable leads? Every day trade machine goes through all the alerts, whether it's this alert or the pre earnings or other alerts paid to dip whatever. And if the conditions, the technical open conditions in any alert are met, you are going to get that information, that debt,

Ophir Gottlieb ([40:50](#)):

You're only going to get an alert if it's triggered. Otherwise we don't send it. That's the point of alerts. We're checking everything for you and then we're saying, Hey, you said you wanted to see this Well here now is time.

Max Katz ([41:02](#)):

Right? And it does it starting at 10 30 New York time, approximately between 10 30 and 10 40 in the morning and goes on through the day, the trading day.

Ophir Gottlieb ([41:19](#)):

Right.

Max Katz ([41:20](#)):

Alright. Okay, I answered that. Can you please show how to back test for a zebra? Now I have not back tested a zebra yet, but I will you give me the stock you want? I will backtest the zebra, which is, if it's a called zebra, it's a long stock substitute. Too long in the money options. Approximately 75 deltas and selling one at the money 50 delta. Alright, but I'll put a sample one in the community tomorrow.

Ophir Gottlieb ([42:03](#)):

Actually while you're talking I'm going to share my screen and show people how to get to community. But keep going Max, I might as

Max Katz ([42:08](#)):

Alright. I can You adjust the SMA length constraint. Absolutely.

Ophir Gottlieb ([42:15](#)):

Yeah. So, okay, here's community by the way. Go to community, okay? Agree to the code of conduct. Every time you log in you have to agree to the code of conduct. So if you break the code of conduct, then we ban you from capital market laboratories, products for life. But you've been in community like 13 times, we'll say actually you violated contact 13 times. So I don't mess around with people bullying and every access you have to any product I ever have for the rest of my life, don't do it. So if you want, here's Max. If you want to ask Max's question, just hit at oops chat uncle and then say I have a question. Just ask him whatever you want. Just type, type whatever you want.

Max Katz ([43:02](#)):

Yeah. Reminder, put a zebra in community tomorrow back

Ophir Gottlieb ([43:06](#)):

Area. Put a zebra in community. Someone is going to read that. What the hell? And by the way, since you asked about the technical condition, yes you can go to technical open. This trade says stock is above the 50 day moving average. You can put any moving average you want or you can just knock it out. Just say forget it. I don't want the moving average. So if you want to put it back, just go to stock price above 50 day sma. Maybe you want above the 200 day moving average. You can do that too. It's up to you. Anything you want, you can always customize the Baptists. I'll stop sharing.

Max Katz ([43:50](#)):

Okay. Thanks for now. Recording and distributing the recordings. Very valuable info to review. Oh, fear that is a compliment for you.

Ophir Gottlieb ([44:01](#)):

Oh, thank you.

Max Katz ([44:04](#)):

Why not a back ratio for upside?

Ophir Gottlieb ([44:08](#)):

You can back us the back ratio.

Max Katz ([44:10](#)):

Yes, you can

Ophir Gottlieb ([44:11](#)):

Just remember guys, you are not limited to the strategies we're showing you. I just tried to make it easier. But in the custom strategy you can create any four legged strategy that you can possibly fathom

personal to you and you can have as many of those as you like. You can have a portfolio of trades portfolio as many as you like. There's no limit. Have a hundred different weird spreads you want. It's cool with me. I love spreads.

Max Katz ([44:38](#)):

Alright, someone's asking, is there a way to auto-populate the actual trades into your brokerage account? That would be sweet. That's a question for you.

Ophir Gottlieb ([44:49](#)):

Yeah, not yet. That's actually a cybersecurity risk. And so that changes a little bit of our infrastructure because that means if someone hacks your trade machine account, now they have your TDA account or whatever think so we have to be careful.

Max Katz ([45:08](#)):

Okay, I've been practicing vertical spread slash calls and puts that are delta neutral or close to it. What is your opinion on this strategy? What are the advantages? Disadvantages of it by the way? Awesome sight. Really enjoying it. Okay, well fear's going to probably have a comment on this. I think that is an absolute very good strategy to backtest on a sector on individual stocks that you're interested in. And assuming you have some fundamental or technical reason, now's the time I want to check this kind of strategy with these kind of stocks.

Ophir Gottlieb ([46:00](#)):

Yeah, it's a straight vol trade, so I love it. I'm not share my screen and show people who maybe didn't understand the question or even the person asked the question, why is it a all trades? I'm going to share my screen, just show you why this is a straight down the middle volatility screen trade and I like it. Okay, so someone said, let's say these are days expiration. So you have 30 days to expiration option here and let's just take the 50 delta. Okay, 50 delta's code word for at the money and then we have the same option. And let's just say it's a call by the way, it doesn't actually matter, but let's say it's call and then you have the same one but it's 60 days to, okay, same call. So you want to buy this and then you want to sell this.

([46:53](#)):

And why is this? The visual will be more pleasing if I do it this way. Okay, so lemme see 10, 20, 30, okay, imagine each row is 10 days, 10 days, 20 days, 30 days, 40 days, 50 days, 60 days. So your long this one short, this one since the deltas are the same, this 60 day option is actually this 30 30 day option plus another 30 day option. So if you're buying this and selling this, what you're really buying is the 31 to 60 day options. And so what you're selling is the vol in the first 30 days. This is a vol trade and if you have reason to believe that vol is going to go down or you want to do that, that's fine. You're selling val days one to 30 totally covered and you're hoping days 31 to 60 their vol sticks around. I love that type of trade. I have no problem with it whatsoever. And you can definitely back test that in trade machine, create a custom strategy and test it. Absolutely big fan of those trades. Big fan.

Max Katz ([48:09](#)):



Thank you. Beautiful demonstration. Okay, next. That's a good point about the number of alerts. Too many alerts could cause one to begin to ignore alerts or feel overwhelmed by the volume. It does happen. So do you have a recommendation to optimize the use of alerts?

Ophir Gottlieb ([48:31](#)):

I think I would decide, I'll let you answer too, max, but I know how many trades I want to have on at once and once I hit that I don't get annoyed with alerts, I'm good, but I would rather get more than fewer. But this is just me because I want to have that many trades on. So if I don't have enough trades on, then I'm like well I need some more alerts,

Max Katz ([48:54](#)):

Right? So I'm always looking at my portfolio of option trades and I have a, just based on the way it's set up with my CML long stock light positions, I have a natural long delta bias and I'm always looking to compliment that with short deltas, short volatility, et cetera, et cetera. So when I get alerts or I'm looking at the today tabs alerts, I have a focus and it's not necessarily long delta trades or long volatility trades unless it's something that's really outstanding that I'm aware of. I'm looking for short bowel bearish to compliment what I already have in my portfolio. Okay. Is there a chart to show us newer members, what is common for how the sectors work? For example, if XLK or XLE is moving up, what would be the sectors you would expect to pull back? I am not competent to answer that question.

Ophir Gottlieb ([50:12](#)):

Yeah, so I would actually say I wouldn't necessarily want to say so because things are changing so much, but a really good thing to do, I don't know if you're a pattern finder member too. If you're a trade machine member, you can get pattern finder for \$9 a month or \$11 a month. Look at let's say XLK, which is tech, right? Look what XLK is doing. Let's just assume it supposition. Let's say it's been in a bull market and you're like, okay, I'm going to start getting these triggers. It is a bull market and I got a lot of tech set. Go to another one like XLE, which is energy or XLU, which is utilities or whatever XLF, which is financials and look how it's doing and just look. Just be like, oh are these in divergent? Are these divergent right now? If so, then this might be a good two sectors to have in there, right? One versus the other. That's the best. The best I would do. I would actually just look.

Max Katz ([51:14](#)):

Alright, cool. Someone's asking, can you describe the new AI component?

Ophir Gottlieb ([51:21](#)):

Yeah, for sure. So actually Michelle, my screen. So go to the learn tab. Does this work? Let's go. Alright.

Max Katz ([51:42](#)):

I think if you look at the technical open condition, I think you can click on a definition, right there

Ophir Gottlieb ([51:48](#)):

You go here. A remarkable finding in finance skew and kurtosis as a profit center. So type skew and kurtosis, go here and you'll get an eight minute video and you'll get a much longer than eight minute video and you'll even get an even longer than that one video with q and a. So that's it. A remarkable finding in finance. So just the learn tab is the answer. And by the way, does ever something you don't find on the learn tab or you're just like, I can't find on the learn tab, I just need someone to give me the answer. You can ask Max or you can always go to your account here. Oh, I'm an administrator. I believe you can send a support request here. Just email support.

Max Katz ([52:23](#)):

Yeah, email support.

Ophir Gottlieb ([52:24](#)):

Yeah, you can just email support.

Max Katz ([52:25](#)):

Alright,

Ophir Gottlieb ([52:26](#)):

So you got Max, you got these, you've got sport learn tab, whatever you want.

Max Katz ([52:30](#)):

Alright, I want to try and finish all these. Is there a cell high IV or I-V-R-I-V-R being IV rank? I'm assuming strategy built in there is not. But what I do for any strategy, I will look, once we have what the stock is or set or whatever index, I will look and see what the actual IV is, what the IVR is, what the IV rank is, excuse me, and what the IV percentile is and make a judgment. Do I want to be buying options net or do I want to be selling net? So do I want to be long bowel or short bowel in this trade? So that'll determine whether put something on for a credit or a debit. Okay. Are the two previous sessions available on trade machine? I assume it's

Ophir Gottlieb ([53:35](#)):

Just email support and you'll get 'em. Yep.

Max Katz ([53:37](#)):

Okay. So they're not on trade machine, but support will get you a copy not related to trade machine, but where do you recommend we research a company which may or may not be covered by CMO Pro, specifically looking at Nvidia, you want to give us a short answer overview?

Ophir Gottlieb ([53:57](#)):

Yeah, this website, cml vis.com.

Max Katz ([54:00](#)):

Cml vis.com.

Ophir Gottlieb ([54:03](#)):

It's free.

Max Katz ([54:05](#)):

Okay. Someone else is asking about previous recordings, just send an email with the same email address that you used to become a member of trade machine or

Ophir Gottlieb ([54:17](#)):

Just ask Max in community because Max will be talking to support and he'll just say here,

Max Katz ([54:22](#)):

Okay, I can do that. It's three year your favorite back test timeframe. It is my favorite starting point. I like to go three years and in three years, then two years, then one year.

Ophir Gottlieb ([54:41](#)):

Yeah, I do three years and one year or three years in six months because volatility moves in regimes and I want to make sure, I think something hasn't changed in the volatility regime, but I don't go longer than three years anymore. Things have changed guys.

Max Katz ([54:53](#)):

Yeah. Yeah. Okay, someone's asking, we'd like to get better with long strangles. Any additional screening touch criteria for better win rates? Look at the on the today tab, look at the long strangled technical and that'll give you additional technical opening and or closing criteria as well as some stocks that are qualifying for that strategy. Thank you very much for the explanation. And demo. No, there really isn't a straightforward rule on XLK up versus XLU down. Thank you. Mark. Do you take into account the liquidity when you select a stock? When I'm about to do an option trade, the first thing I look for is the bid ass spread. Are these options liquid? If they're not, I move on to the next opportunity. And if the stock isn't liquid, the options are probably not liquid either. Would you agree with that statement?

Ophir Gottlieb ([56:04](#)):

What was the second thing you said?

Max Katz ([56:07](#)):

I said if you look at the volume for the day and it's 16,000 and apple's trading 16 million, it's more likely that the options underneath that 16,000 contract stock is not liquid.

Ophir Gottlieb ([56:25](#)):

I'll say this, there's a lot of people have a lot of ideas about liquidity, like people talk about open interest or Max has talked about volume, liquidity is defined very clearly. Liquidity is two things. It's the width of

the market. So how much space there is between the bid and the offer, the bid and the ask. That's what. And the second is the depth of the market, which means are there 10 at the offer and 10 on the bid and 10 on the offer. Are there a thousand on the bid? I don't think anyone here is trading a thousand lots. So if you're trading 10 lots or less, then all of a sudden depth of book doesn't matter. So that means all you have to look at is width. And just because there's high open interest does not mean there will be good width. And just because there's low interest, low open interest does not mean there'll be bad width. Just look at the width of the markets. If you're trading slightly larger, then also look at the depth. But I don't think anyone is trading in the 50, a hundred, 200 lot range that doesn't already know that. So that's generally a question for people who are kind of getting started option trading, really learning how to do it. Just look at the width of the bid in the offer and don't do a market order a limit order. Do a limit

Max Katz ([57:34](#)):

Order. Never do a market.

Ophir Gottlieb ([57:36](#)):

You take that button off of all brokerages, there's no market orders.

Max Katz ([57:39](#)):

Alright, it's 8 0 1 0 3. But we have three quick questions in the q and a. Go for it. Just want to address, go ahead. Can we get the largest 500 on that scan?

Ophir Gottlieb ([57:51](#)):

Well, so I could put that portfolio in, but you're only able to do 200 stocks, so I don't know

Max Katz ([57:55](#)):

Right, if you're a platinum member. Alright. I personally looking only at AI opportunities, will trade machine continue to find more AI opportunities that we can use? I think the answer is absolutely. Oh, fear. How do you make more money when taking trades that have less chance of success?

Ophir Gottlieb ([58:20](#)):

Well, I mean, let's say that something was triggered five times and it's lost four and only won once, but the four times that lost it lost 1% and the one time it won, it made 300%. You want that trade or not? Some people would say no.

Max Katz ([58:34](#)):

Right?

Ophir Gottlieb ([58:36](#)):

But that's how you make more.

Max Katz ([58:37](#)):

Yeah, yeah, yeah. Okay, everyone, I think we got through everything

Ophir Gottlieb ([58:42](#)):

We did in exactly an hour plus a minute.

Max Katz ([58:45](#)):

Oh, fear. It's always a pleasure working with you.

Ophir Gottlieb ([58:48](#)):

You too, max. All right, guys,

Max Katz ([58:50](#)):

Listening to you.

Ophir Gottlieb ([58:51](#)):

Make sure you hit 'em up in community, you'll get a recording. This is every Tuesday and Thursday. Have a fabulous week. Bye

Max Katz ([58:57](#)):

Guys, and happy holiday weekend. Merry Christmas to all celebrating. And everyone happy, everybody can celebrate. It's this Saturday.

Ophir Gottlieb ([59:10](#)):

Absolutely. Bye

Max Katz ([59:12](#)):

Guys. Have a good night.

---

**TradeMachine® Live Help 12-19-2023: Buy the Selloff AI**



Ophir Gottlieb ([00:00:05](#)):

Alright and, alright, so I will share my screen hypothetically. Okay, great. Just want to make sure it's the right screen. Okay guys, you should see a slide show. Max, can you give me a audio yes or no? Yes. Awesome. Okay guys, I'm going to go through this real quick and then we'll get into trade machine. I thank everyone for joining us today. We will be doing these twice a week, once on Tuesdays during market hours and there's my alarm that this should be happening and once on Thursdays after market hours because we know different people have different schedules. And then you can talk to Max who will introduce later every day anyway, just not on video. Okay, so disclaimers, the results here are provided for general information purposes. As a convenience to you, the viewers, the materials are not a substitute for obtaining professional advice from a qualified person, firm, or corporation.

([00:01:16](#)):

This is not a solicitation to buy or sell any security, nor is it ever, this is not advice and past performance is not necessarily indicative of future results. Alright, so here's what we're going to do. Last session we talked about a trade called spread the sell off. It's a very particular type of trade which was multi legged. It was ratio, so it's probably the most complex thing you could do with options. We kind of started there and I said last session, the next sessions are taught to logically going to be easier because they're, it's just not that complicated of a strategy. But when we looked at spread the sell off, we looked at how it did in tech, roughly speaking, the NASDAQ 100 and in financials. And I wanted to point out with Max that a lot of people do a lot of tech trades and that's great.

[\(00:02:05\):](#)

I do too. But there's other areas where you can find opportunities, option traders, there's option traders. We're looking for short bursts of risk and we're kind of willing to take it wherever as long as the odds are in our favor. It doesn't have to be tech. So today as I promised, we're going to look at something called buy the sell off plus ai. So again, we're still in this kind of sell off mode and then next session we're going to get out of this kind of when the market's bearish and we're going to get to where the market's bullish, but it's just, we'll start when the market's going down, not really the market when a stock is going down. And then we'll move further. And in this session I'm going to look at tech, I'm going to look at financials, and I'm going to look at healthcare.

[\(00:02:40\):](#)

So I didn't look at healthcare last time. I didn't want to overwhelm everyone, but ultimately what I really want to empower you guys to do is to show you how easy it is to find strategies using trade machine, but also to really broaden your horizon. It doesn't just have to be in names. You recognize it can be if you want it to be, I'm not telling you what you have to do, but it is my job to show you as a guide what you can do if you want to look in areas that are less familiar and in truth in life and particularly in trading, fighting the urge to make everything that's unfamiliar look familiar. That's kind of how you win. That's the effort I talk about process, patience and effort. The E really comes to that. Say, Hey, this is unfamiliar to me and then you have a decision tree.

[\(00:03:28\):](#)

Do I go towards something that is familiar to me or am I willing to traverse the path that says, this actually isn't that familiar to me, but let me just check it out. Okay, so that's what we're going to do today. So I'm going to stop with the slideshow. I promised you it was short and now I'm going to just share my trade machine. Alright, and I'll go to the today tab. Okay, so we will cover the today tab in great depth. In other sessions, I'll just give the quick overview. If you are new to trade machine or even if you don't want to set alerts, don't have time to set alerts, and you're just looking for something that has backtested results that are active on the day. This is what the today tab is. It says of these millions of alerts that we're setting, what are the ones that are happening right now?

[\(00:04:19\):](#)

And a new feature we've added is we're letting you know the ones that are driven by our AI algorithms, but I don't want to talk about that today. I want to talk about the back to step. So last session, what I pointed out, what Max and I pointed out is that if you go to the saved back test, this is a new feature too. The saved back test dropped on menu, there's a bunch of strategies that are already built into trade machine that you can use. You don't have to use them and you can add to this list, you can add as many as you like your own personal strategies. But every trade machine member has this. It starts with the letters CML, that's our company, capital Market Laboratories. Last time we looked at spread the sell off the most complex strategy we have. So it doesn't always have to be that complex.

[\(00:05:03\):](#)

Today we're going to look at buy the sell off with ai. So this is how you do it. You click on it and you say load, it will load a ticker. So just give the machine a second, let it load the ticker. Great. Once you've loaded the ticker, go to the back test period you're interested in. I like to do three years. Max likes to do

three years as well. He also likes to do shorter periods as I do, but I'm not really interested in Amazon. What I'm interested in is seeing when this strategy works across a large swath of companies.

[\(00:05:35\)](#):

Before I do that, let's at least understand what this thing is, right? We're going to look at it and find, you're going to leave today with dozens of alerts if you want dozens of trades set up for 2024 that are just going to come to your inbox or your phone. But okay, before we do that, we might as well figure out understand what am I looking at? Buy the sell off is a cool name, but what is it? And so there's two ways to see it automatically. Trade machine will show you the open rules here and the close rules here. If for some reason you don't like that layout, you could always just scroll down and go to the technical open. So I'll just do that because it's a little bigger. Okay, so what is this trigger? It's when the RSI, the relative strength index dips below 25.

[\(00:06:20\)](#):

So you'll find if you go to investipedia, various other websites that RSI is a number that goes from zero to 100. Most people think will claim that a number over 70 means it's overbought. It means like, hey, this stock probably needs to rest. As you may well know with your experience in the market, things that are overbought can stay overbought for quite some time. So just because something crosses above a 70 RSI would not necessarily say it's bearish. Having said that, interestingly in finance, when things get oversold, they do tend to bounce. So oversold is usually considered below 30. But in our research I actually found that below 25 was the real trigger. So maybe you would consider it very, very oversold. So this trigger says, alright, I want to wait until RSI in a certain stock is below 25. Okay, that's number one. That's number one.

[\(00:07:21\)](#):

Number two, I also want the stock on the day to be down. It says down 0% or more. That means it can be down a penny, it can be down \$37. It doesn't matter. I want it to be oversold and down on the day. So this is a very contrarian trigger because we're going to look to get bullish in this environment when this happens and the stock is oversold and it's down on the day. And the last thing we do, possibly the most important is that we're using our artificial intelligence. This is one of, we have two, this is one of the pieces that looks at return distribution characteristics, something called ketosis or tailored. I'll show you how to learn about that in a very short video. I don't want to go over it too thoroughly here, but if you're interested, you can always just click learn more about ketosis, right?

[\(00:08:07\)](#):

It's right here. I'll click it and here you go. It'll open an in Investopedia page that will not teach you about our ai, which I'll show you in a different place. But this is the opening trigger. If a stock has a 25 RSI or lower, if it's also down on the day, and if this piece of AI is below zero, is above zero, trade machine is looking to get long, in other words it is looking for a contrarian signal stock is falling apart and we're saying it's falling apart too much. There also happens to be a closing rule for this. You can go to technical close and it says, okay, if the RSI comes back above 40, we're out. If the RSI is below 25, which is when we open it, and the RSI gets above 40 by virtue the way RSI is calculated, it's basically a guarantee the stock is up.

[\(00:09:00\)](#):



So since this is a bullish speculation, if the stock rises to a certain level, we're good. We'll get out and take our profits. That's the technical close and certainly if you want to learn more about RSI, you can always click on it. It will take you to a Fidelity website. So we try to keep our help articles in certain areas. If they've already been written, we just go to trusted sources. So that's what this thing does. That's when it triggers well what is the trait, what is the trade? So you can see that it's a custom strategy. So all you have to do is click edit and here's what it's, you're going to get long and at the money, call 50 deltas at the money with 60 days to expiration. This is a two month option. Going to get long that, but you're also going to get short and out of the money call that expires in 30 days.

[\(00:09:54\):](#)

And in totality, you close this trade. If we don't hit our technical close, which is that the RSI goes above 40, we close everything when this option expires. So this is actually not a 60 day trade. It is at a maximum, a 30 day trade, probably shorter. If the RSI comes back, the stock recovers, but if the stock does not recover, we're out at 30 days. Okay? So because we're buying a call and selling a call, it's a call spread and because the calendar, the expirations are different, 60 and 30, it's called the calendar spread. So it's a call calendar spread and because the strike prices are different, it's called the diagonal. So if you're wondering where they came out with a name diagonal call, diagonal time spread. This is why you don't actually have to know that. You don't have to understand the nomenclature.

[\(00:10:50\):](#)

That's the name. That's what it is. Okay. Alright, so now we understand when this happens, when it closes two closing rules, either the RSI goes above 40 or it's been 30 days, or this option expires, I should say. Okay, so that's when you enter. That's when you exit. This is what you enter and what you exit. Many people would call this the plan. The plan is when the stock does X, Y, z, I'm going to open this trade, and once this trade is open, I'm going to close this trade When a b, C happens, okay, this is the plan. Great. Now with all of that, when does this work? In which stocks does this work? So you can go to portfolios and now in trade machine, every member has all of these portfolios, a long list of them. I'm going to start with a NASDAQ 100.

[\(00:11:42\):](#)

If you are a platinum member, which means you're an annual member, you can test up to 200 symbols at once. If you're not annual, this will stop at 50 symbols and you'll get a warning. It'll say, Hey, here's how 50 symbols did. But just so you know, there's another 50 you have to test. So I'm going to let this go. Also, if you're an annual member, you're going to get these kind of speeds. We've increased the speed five to 50 x. Okay? It did it. So what I've done, as I said, okay, there's this strategy, this buy the sell off strategy. This thing that happens when RSI dips below 25 and the stock is down on the day and our AI says the ketosis is above zero. Well, what happened? Well over the last three years in totality, this is what's happened. It's a 64% win rate. So that's 53 wins on 30 losses, and the average one month trade or less, right? Either the stock makes RSI go above 40. So you're out or you just waited the full 30 days and with the short option expiring and you're out, that's 40% per week. When this happens, you'll also notice over three years and a hundred companies, this has only happened a total of 83 times, right? 53 wins and 30 losses. So it doesn't happen that often.

[\(00:13:16\):](#)

Just something to be aware of, this kind of violent selling in a particular name with the crossover of our AI showing that actually there's upside, it isn't very frequent. So now that I've seen this, you say, okay, well how does this help me? So what I'm going to do is I'm going to sort this whole list by the average trade return. You're just going to click it. I'm going to go through the ones that look good and I'm going to add them to alerts. So A ZN Airbnb, hold on. I think I'm going to sneeze.

[\(00:13:51\)](#):

There is a chance I'm going to sneeze. Okay? Not yet. And then you can go down the list and add the ones you like. Keep in mind, these are very few trades, right? So we want to be cautious when you're done with the ones you like. Okay? Actually, you know what, I could actually sort this by the number of wins. That might be a different way to do it. Let's do that. Oops. Okay, let's make sure that the return is positive and the number of wins. So that two, one, at least two wins. Alright, that's good for me. 1, 2, 3, 4, 5, 6, 7, 7 companies. Their average returns are anywhere from 26% in a week, up to 190% in a week over the last three years. I'm just going to click add, alert. Notice it's 1, 2, 3, 4, 5, 6, 7 companies. I'm going to add the alerts. You'll notice it's exactly 1, 2, 3, 4, 5, 6, 7 tickers. The technicals are already set for you. Remember the RI is below 25, the stock on the day is down, and our AI measurement of tailored over the last year is positive. I actually write myself a note. Buy, oops, buy the sell off.

[\(00:15:17\)](#):

You can put your phone number in if you want. I won't do that because then I'll get 6,000 phone calls, add alert, and now 1, 2, 3, 4, 5, 6, 7 alerts have been added to my trade machine. So now I'm automatically without doing anything, I'm out working, I'm working out, I'm eating, I'm doing yard work, I'm having a chit chat with friends. I'm watching, watching the game. If it's during the day, I'm going to get told, Hey, this thing happened. But that was only with technology companies and we shouldn't be so limited. Let's not be so limited. I'm going to go back to financials. One thing I want to do is I want to maintain this. I want to compare how this does versus other sectors. Okay, so I'm just going to put a check mark here so I'm not fudging the numbers, right? This is tech, these are the queues. Q, Q, Q. Okay, I'm going to move this to the side. Now as easy as this is, I'm just going to go ahead and say, okay, well I don't know, I let's try financials and off it goes. Yeah,

Max Katz [\(00:16:20\)](#):

While that's running, you said average trade percent was per week. Did you mean per week?

Ophir Gottlieb [\(00:16:27\)](#):

Oh, per month. Pardon me? Per month. Okay. Yeah, this is a one.

Max Katz [\(00:16:32\)](#):

Thank you.

Ophir Gottlieb [\(00:16:35\)](#):

Max is my conscience. So yeah, so this trade is a one month trade or shorter. Okay, so here's the XLF, which is the financials. E, T, F. Now you'll see in financials, this doesn't work as well. I don't really care that much about the win rate, but on average, this is a loser. This is kind of like commissions. This

doesn't work. So what does that mean? That means for some reason in tech stocks, when they get really sold off, there's a natural bid, people are naturally like, okay, this is too much. I'm getting in for financials. That bid, that natural bid, that natural thing that says, okay, things are getting really bad, it's time to get it long, it's not there. It doesn't work for financials. And we figure that out very easily. I just use a dropdown menu. Even though last week we saw a spread that worked and remember that spread does well.

[\(00:17:39\):](#)

If the stock goes down a little or goes up, it just can't go down a lot. That worked great in financials. This trade is very specific though. This trade says the stock has to go up for this to win. And no, this doesn't work in financials. So something we're learning, I'm not adding trades, but I'm looking at saying, okay, so financials behave differently than tech. Alright, now I'm going to go to healthcare. Again, these are all built in. This is all for you. You can add as many as you like, but when you log into a trade machine, this is here for you. Let's do healthcare.

[\(00:18:19\):](#)

Oh, I think I made a mistake guys, I'm sorry I took out the technical close. Let's do XLF. I'm sorry, I made a mistake. So remember this strategy has a technical close, so I apologize. Maybe my thesis on financials was wrong. Let's see, I apologize. We have to make sure that we have that closing rule. So let's let financials run. It's 73 tickers I think, and then I'll compare it to how the QQQ did. My guess is it actually will work, but my guess is it won't work as well. My hypothesis is there is a bid in financials, just not as strong. Yes, there you go. So the win rates are roughly the same. 65.7 and 64 are roughly the same. Okay, but look at the average trade per month, 40% versus 12%. So this is actually what I expected. So there is a natural bid in financials, it's just not as strong.

[\(00:19:24\):](#)

So do I like this? Yeah, that's still okay. I'll take a 13% trade winner on the month, that's fine with me, but I'll also note it's more abrupt in financials. And the way I would do this again is I would go to average trade return. Actually let's go to WINS and S-P-G-I-B-L-K, visa and MasterCard. I love doing Visa and MasterCard with this. I just have a lot of confidence that there's a natural bid in those companies, right? Then FLT. So here's five more that I could add. So I think we added seven for tech stocks. I was a little choosy. I'm going to add five for financials in particular, visa and MasterCard, they behave sort of like tech stocks and you can see even though overall the average trade was 12.7, look at these guys, 36.4 and 28.3, that's much more tech. So I'm going to add these five alerts.

[\(00:20:20\):](#)

I'm going to give myself a note again by the sell off. But you know what? Since these are financials and I'm not super familiar with them, I'm just going to just in parentheses for myself, these are financials. So when I get this email, I'm going to say, oh, okay, okay. This is a buy the sell offer for financials. So we've now added 12 trades together and now I want to go to healthcare and remember, this is our proxy with tech and I really like trading the healthcare sector. Alright, so let's let it happen. This is using the XLV etf, which is what people call one of the spiders, one of the ETFs that BlackRock is running. It's basically sectors of the S and P 500. These are all members of the S and P 500.

[\(00:21:20\):](#)

Okay? Exactly what I expected. So the win rates, again, a little higher. I'm not sure we can say that's so much better. The average trade is 27% versus 41% for tech, but significantly higher than financials, which was 12%. So we're actually learning as we're doing this. We're like, wow, which companies have a really strong bid? Stocks are getting hit really hard. Remember the NASDAQ 100 is large companies, right? So I'm not talking about caps, relatively large tech stocks when they're getting smashed in general. Yeah, that's a trade in financials in general when they're getting smashed. Yeah, it's pretty good. It's pretty good. Nowhere near as strongest as tech. It's okay. And then in healthcare I would say this per month is very, very good. Granted not as good as tech, but these are extraordinarily strong results. We should be so fortunate to make 27% a month in our lives.

[\(00:22:22\):](#)

So this now opens our eyes to another group of companies that appear to have a very strong bid when things get hit and you'll see which companies are doing well, right? It's companies like Eli Lilly and j and j and Pfizer, right? Companies that we would imagine this would happen in Abbott Labs, right? Bristol Myers, this isn't such a surprise. So I'm going to again sort by, actually I'll sort by wins, okay? I'm going to skip Illumina. I don't love the 12.7%. This is Cigna, sorry, so I'll check Cigna, don't know what ogn is. I would have to do some research. It looks like this is a two win, two loss one, I'm going to skip that. I-I-S-R-G for sure, one of my favorites. Dexcom HSIC. I'm going to skip CTLT, Abbott Labs for sure, and even though this only has one trade, I like the Megas.

[\(00:23:24\):](#)

So I like Bristol Myers and I like Pfizer and I know it's only one trade. You can hardly put so much emphasis on that. I just, the reason I oh and j and J, the reason I like that is that you say which companies have a natural bid? It's going to be the companies that have large institutional ownership. Well, which companies have large institutional ownership mega caps. Bristol Myers, Pfizer, j and j Abbott Labs. So 1, 2, 3, 4, 5, 6, 7, 8. Is there anything else down here that really I'll do? Well, Eli Lilly, the results aren't that good. Oops. I'm okay with Biogen. Actually, no I'm not. All right, that's enough for me. That's seven or yeah, seven. So I'm going to add these two alerts and the same thing here with my note. Even though I'm going to write down what the strategy is, sell off. Oops. I'm going to note again, since I'm much more familiar with tech that this is healthcare just for me and I'm going to add the alerts and apparently healthcare has an L in it.

[\(00:24:34\):](#)

All right? So I think we've looked at something like 18 trades that we've added to our alerts. So that is the end of the session today for the demonstration, we're going to go to q and A, don't you worry. We're going to go to q and a and talk about how to reach Max every day. But I just wanted to introduce again, I'm going to go back to the slideshow, kind of show you that I did what I said I would do. It's reinforcing, I shouldn't have closed the PowerPoint, I apologize for that, but I'll bring it up.

[\(00:25:07\):](#)

Okay, so if you remember I said this other than disclaimers, which still hold, I said last session we looked at something called spread the sell off, which is much more complex, three legs. It was a ratio spread. We looked at tech and financials and I said, this session, we're going to do this, we're going to look at buy the sell off. This was plus AI as well also by the way. And we looked at tech, financials and healthcare and what did we learn? What did we learn? We learned that tech performs the best. We

learned that financials performed the least. So there's the least of this really strong bid, but still worthwhile in some companies and healthcare was really strong too. So these aren't a lot of back tests. The reason I feel comfortable with them is because I start with the sector at a whole, I have to see the sector at a whole look good. That's very important to me. So I'll show you what I mean. Let's see if I can pull that up.

[\(00:26:07\)](#):

Yeah, right there, right? So this is what I mean by the sector as a whole. This was the NASDAQ 100 as a whole, and if you remember the XLV, sorry, the healthcare was around 27%. Sorry, I know it looks like I'm riding with my feet. This is with my mouse, so pardon me. So when the industry as a whole does this well then I'm okay plucking some of the winners out. If the industry as a whole doesn't look good, if I run it across the sector and these numbers aren't good, I don't care if they're ones below that do well, just so you know. Let's say I got one that was negative 5% and then I said, oh no, but five perform. Well, no, I'm out. I'm out. My process starts with it doing well across the large swath. If and only if that happens, then I am willing to look at the best of the best, but I'm not willing to look if the entire industry doesn't do well because that kind of feels like luck, right? What this is saying, what these numbers are saying is that these industries, healthcare and tech have a bid in general. Now let's find the companies which have the strongest bid.

[\(00:27:09\)](#):

So that's it. I told you I wouldn't do too much of a slideshow. Alright, that is it for my demonstration. Now we'll go to live q and a, I'm going to stop sharing my screen and I'll let stop share. I will let, I'll show my ugly mug up on the face and Max you can join as well. And Max, you can go ahead and answer the q and a. I'll just be here to listen. I think you're muted. Yeah, you're muted. Max. I

Max Katz [\(00:27:45\)](#):

Give my best answers when I'm muted.

Ophir Gottlieb [\(00:27:47\)](#):

Yeah, don't we all?

Max Katz [\(00:27:50\)](#):

Alright, there's one question in q and A, so let's look at that first and then we'll go back to the chat. Thank you. Fear for empowering us with the nuance. Can you see my screen? Oh, you can see my face.

Ophir Gottlieb [\(00:28:04\)](#):

I can see your face. Thank you

Max Katz [\(00:28:05\)](#):

For empowering us with the nuances of options. Is there any place that I can refer to trade neutral trades with undefined risk? So I'm not sure, but I would suggest looking in the learn tab of trade machine to start. And

Ophir Gottlieb ([00:28:31](#)):

You can also look Max, you can also look in the pro scanner. We have some trades which are long or short. Strangles or straddle. A short straddle is undefined risk if you really want it and that is neutral. You basically don't want the stock to move, but not my favorite strategy,

Max Katz ([00:28:53](#)):

Not my favorite strategy either. And you can always come visit me in community and we can text back and forth and talk about any specific examples that you may have or strategies like the long technical strangle.

Ophir Gottlieb ([00:29:09](#)):

Why don't you do that? So why don't you share your screen max and show them how to get in contact with you and I'll stop sharing that video. I'll get out of the way.

Max Katz ([00:29:15](#)):

Alright, let's see if my practice pays off share sound just in case and share. Okay, now are you seeing my screen?

Ophir Gottlieb ([00:29:36](#)):

Yeah, I see community once you go to trade machine and show how you get there and then you can do that.

Max Katz ([00:29:41](#)):

All right.

([00:29:51](#)):

Yep, I got it. I got it, I got it. Okay, so we're in trade machine and we're on the today tab and very easy, the last across the top row, the last choice is community. You click on it and it will take you to the sign-in which is just, this is our code of conduct. We are all very nice people. We talk about trading and only trading and we do not say anything negative about anyone else and we agree to the code of conduct and this looks like the newer version that is still in testing.

Ophir Gottlieb ([00:30:44](#)):

You can go to the one.

Max Katz ([00:30:45](#)):

So I'm going to go to, this is how I get there. I go down to notification settings, I click on trade machine and then I go home.

Ophir Gottlieb ([00:30:54](#)):

Okay, you guys don't have to do it. He just did. Right?

Max Katz ([00:30:56](#)):

Right. And now we're back in regular community and my ID is chat uncle pops

Ophir Gottlieb ([00:31:06](#)):

And you'll note the green check, just so you know. You're like, oh, that's the right guy.

Max Katz ([00:31:11](#)):

I used to be just uncle pops, but when PHE introduced the AI component of all these alerts, I became Che Uncle Pops, right?

Ophir Gottlieb ([00:31:24](#)):

So show them how they can message you and get your attention. So just write one to yourself at the top.

Max Katz ([00:31:33](#)):

So it's act chat, a box will come up and you just click on it and then that's who will receive a notification. Hey, somebody just mentioned chat, uncle pop. And I'll know to go look if I'm not currently looking up and down the columns of posts.

Ophir Gottlieb ([00:32:00](#)):

So then you just write your question and he'll get back to you. That's it. So you have live help every trading day. He's not there all day, but he's there in the beginning of the day and the end of the day. And my guess is he's there more often than he thinks he would be. So he's there. So you can always reach out to him. Max, I forgot to introduce you. Max is actually a former market maker, a commodity option market maker. It was in particular in sugar options I think. Is that right?

Max Katz ([00:32:31](#)):

Yeah, that's correct. They had the best floor trading hours,

Ophir Gottlieb ([00:32:35](#)):

Right? That's right.

Max Katz ([00:32:37](#)):

10:00 AM to 2:00 PM

Ophir Gottlieb ([00:32:38](#)):

That's right. Max is very discerning. Oh, this is the easiest. These are the best hours. And he did it for, I believe it was 19 years and he finished up after consolidation of the exchanges. It ended up being called

the New York Board of Trade. But Max is not only a gentleman and an intellect, but he's also a former option market maker. And not only is he a trade machine expert, sure, but when you're asking him, you're talking to a former professional trader. So feel free to ask him questions. We will do these things and he's going to get to questions right now live, but you don't have to wait for Tuesdays and Thursdays. So Max is here for you. Alright, let's do the actual q and a now.

Max Katz ([00:33:19](#)):

All right,

Ophir Gottlieb ([00:33:21](#)):

I'll show my face. You can show your face, you can stop sharing your screen. I think it's always nice for people to see who they're talking to.

Max Katz ([00:33:29](#)):

Alright, don't give me too many things to do now stop is pause, share, stop share.

Ophir Gottlieb ([00:33:38](#)):

Sure.

Max Katz ([00:33:41](#)):

Okay, so it's been paused. Now how do I activate my face?

Ophir Gottlieb ([00:33:46](#)):

You're on.

Max Katz ([00:33:48](#)):

Okay, even better.

Ophir Gottlieb ([00:33:49](#)):

Hold on. It didn't stop your share. So I'll share and then I'll turn off share.

Max Katz ([00:33:54](#)):

Oh, okay, cool. I couldn't do anything with my hair today, so I had to wear my New York Giants cat. All right, so let's go to the top of the chat. Hello, hello, hello, hello to everyone from around the world. Thank you John for helping correct the fear with a week versus 30 days or less would be great to search through the whole s and p 500 sector, the whole s and p 500 instead of doing each sector.

Ophir Gottlieb ([00:34:32](#)):

It's true. So the right now trade machine platinum members have 200 tickers at once. The SP 500 is obviously 500 tickers, so it's going to be better to do that. I'll say two things. First of all, it takes a lot of



computing power to just run the s and p 500, but I would also say I'm trying to educate as I empower you, and it's not, I didn't put the sectors just because I didn't want to do 500 tickers. It's important that you check how each sector does overall. Remember that top line if and only if it works in that sector broadly, then go ahead and find the best performers. And if it doesn't work across the sector, it's up to you. I'm not giving advice, but I would skip it, then it feels like the winners are just kind of luck. And if I just gave you the s and p 500, well how would you do would skip that first step, which says, hold on, does this work in the sector in general?

[\(00:35:40\)](#):

Then find the best ones. So it's not just because I didn't want to give 500 tickers and incur the cost of compute. That's relatively trivial. It's because I really want to guide you guys into a successful trading career. I'm not terribly interested in how you do this month, this week, this month. I'm really not even terribly interested in how you do in the next quarter. What I am terribly interested in is how you do for the long arc of your career. Where are you in 10 years? And if you want to be where you want to be in 10 years, it's probably going to be harder than you think. That's the bad news. The good news is if you put in the effort, it's going to be more satisfying than you think. But if you form bad habits, like just looking across the s and p 500, you're not going to make it and it's not going to be for lack of effort. You're going to try really hard, it's not going to work. You got to look at successful sectors, then look at the best performers. This is the way it's done. You don't have to do it my way, but I'm telling you, this is my way up to you.

Max Katz [\(00:36:49\)](#):

Your way has a proven track record. Yes. Okay. Dan Noble and others have been asking about these recordings of the zooms and have they been sent out to any of the trade machine community? I don't think they have.

Ophir Gottlieb [\(00:37:08\)](#):

You can request it if you're present. We don't send it out to everyone. We want people present in order to receive it. Remember you say, well that's not fair. I can't make it Tuesdays and Thursdays, but that's okay. You have max live every day. We're trying to make it such that we have participation if possible in these live events. Because believe it or not, I'm not terribly interested in answering the question for you. What I'm interested in is hearing your question because I promise you a hundred other people have that question and I want them to hear it live.

Max Katz [\(00:37:46\)](#):

Marcus is reaffirming that we learned today that we can check these portfolios ourselves as well as creating our own portfolios. I for example, have one portfolio that just contains what I consider liquid stocks and stocks that I'm very interested in and I use that a lot of times across different strategies. All right, J Delta 50 call for diagonal. Should we go deep in the money greater than 50%? I've done a couple of tests in the money rather than at the money and my recollection is the results were not as good. I'm sure OPR has a thought on this subject.

Ophir Gottlieb [\(00:38:33\)](#):

I mean, my overarching thought is try it yourself.

Max Katz ([00:38:40](#)):

Okay?

Ophir Gottlieb ([00:38:41](#)):

Please remember that while I try to provide convenience portfolios strategies that are backtested, my offering of convenience is in no way intended to reduce your autonomy. I'm just trying to make it easier. I'm not saying you don't have autonomy, you have your own agency. You can take that strategy and edit it, change it from a 50 delta to a 70 delta. Please by all means, that's the goal of trade machines. Some people have the time to do that and I encourage it.

Max Katz ([00:39:13](#)):

Okay, is IV built into the algorithm of any of the qualifiers and if so, which one? How much weight is allocated to iv? Now I know we have an overall VIX indicator where you can specify VIX over a number of VIX under a number of VIX in a range. I do believe

Ophir Gottlieb ([00:39:35](#)):

We don't have iv. We used to get it from SIBO and then they turned it off so we don't have IV in there, but that's why you'll see. So my mantra is options trading is volatility trading, whether you mean it to be or not. So you might as well mean the way around that is to spread an option can only be hedged by another option. It doesn't matter what the vol is. An option can only be hedged by another option. And so nearly everything you'll see here and certainly everything that Max and I will go over on these live sessions, which will be ongoing, they're going to be spreads. And when you're spreading, you are alleviating the need to focus so much on implied volatility because they're hedging each other. And now is that true All the time? No, it's not true all of the time.

([00:40:26](#)):

Obviously a front month can have explosive, all the back month end of less fine or that's actually vice versa where it gets a little weird. But for now, no. We are looking to find a proper data vendor, but it's hard to find good data. IV is not just a number that you pluck out of the air. The implied volatility comes from the model you're using to price the options. It's not a triviality. It's not a triviality. Jason, our CTO who built trade machine is kind of next level at that and he'd have to build us an IV index, which is a major undertaking. So we can't just pluck it out. I know you probably see data vendors out there that sell IV probably, I'm not casting aspersions, probably utter garbage. You need to be near PhD level in order to do this, right? Some might say you need to be near Nobel prize winning level because it got two Nobel prizes.

Max Katz ([00:41:22](#)):

Okay with vix, so low are finding, selling puts, trades, selling put trades are still working at this time. I'm going to give you my brief answer and then PHE will opine us. I don't like selling just an option, especially in a low VIX or IV environment, the IV of the stock itself, I would definitely spread it off. I do know several members of the community who are still selling puts and put spreads in this low IV environment and doing it very successfully. You come to community, you'll see what they're trading and they're

repeating their trades because the stocks that they're selling puts and put spreads in are either staying where they are or moving up the curve.

Ophir Gottlieb ([00:42:22](#)):

Yeah. So in my experience and been, you can look at it very clearly. Generally the best time to sell Val is when the VIX is low and generally the best time to buy Val is when the VIX is high. I know that makes no sense. There is actually, okay, there's a sweet spot vix between 17 and 22 ish is when you want to buy Val, generally vix. Above that you want to be a seller of all VIX below 17 or 16. You want to be a seller of all. Also, there's this very small window like the 16 to 17 to 2122 where buying vol works broadly. If you were to look at your book, your portfolio, you'd be long Vega. So it, it's just one of those things that low vol tends to lead to low vol. Now do we eventually get out of the low vol regime? Yes. And does it tend to happen on a big whoa. Yes it does, of course. But in general, a low lazy vix, it's selling time.

Max Katz ([00:43:23](#)):

Okay, max, will you even help someone new to options make first trades? I'm there to help everybody. And the newer and the less experienced the user, the more time I'm happy to spend with them. But just keep in mind, I'm not making trades that trade machine is responsible for. I'm going to help you. So you arrive at a trade that you want to take. I may tell you what trade I'm taking, but that's my personal trade. It's my personal analysis.

Ophir Gottlieb ([00:44:06](#)):

Can you adjust your camera a little Max? We're getting your half your face. Well you,

Max Katz ([00:44:10](#)):

That's the best part of me.

Ophir Gottlieb ([00:44:12](#)):

There you go. Perfect. Thank you.

Max Katz ([00:44:17](#)):

Alright, sorry about that. I have to lean into the screen as I'm reading these questions.

Ophir Gottlieb ([00:44:21](#)):

Oh that's okay.

Max Katz ([00:44:22](#)):

Alright. Yeah, so I'm happy to help anyone and everyone. If you miss filling a today trade, is there timeframe that the trade is still viable? I will look the next morning and if conditions still hold because these are daily, all the data is gathered on a daily basis. We take the trades most of the time between three 30 and 4:00 PM the end of the trading day. So the beginning of the next trading day. If the

technical open conditions are still holding and I am really interested in the trade, I will try and get a fill the next morning.

(00:45:04):

Is it true that the outcomes for a sector results will change over time? Yes. Any alert, it is possible that the results will change over time. That's why the first thing I do when I get an alert and I load it up in the back test is I click on three year test results and that will include three years from today's date back and I make sure that it's still giving us positive results. You have to do that. Anything you want to add UE or should I just, okay. Alright, I'll keep going. Feel free to interrupt. Not that you are interrupting. I really love the sector breakdown guys. Thank you. I traded in the option pit from 1982 to 1992. My badge was DAG 6 32 DAG 6 32. I started in March of 1993. My badge was MAX 5 1 0 2. I'm sorry, we did not overlap. You probably had more fun than I did.

Ophir Gottlieb (00:46:27):

Yeah,

Max Katz (00:46:28):

1982,

Ophir Gottlieb (00:46:30):

The amount of fun and open outcry is linearly going down.

Max Katz (00:46:33):

Absolutely. Absolutely, absolutely. I've heard a number of stories. The best of which is there was such lax oversight compliance of trading in the beginning of options that if a floor broker over the phone received an order that was so favorable, he or she just crossed it with themselves.

Ophir Gottlieb (00:47:01):

Oh, that's bullshit. Yeah.

Max Katz (00:47:03):

And then hour later the print would go up and people

Ophir Gottlieb (00:47:06):

Would scream. Yeah. Everyone's like, what happened? That was my market. Yeah, yeah, yeah.

Max Katz (00:47:09):

Traded that at 52. I'm 57, man.

Ophir Gottlieb (00:47:13):

Yeah, yeah, yeah, for sure. There was once a giant order, it was in 2008 and a broker, a 320 pound broker, huge guy, his name, I don't want to say his name. He's a giant, it's like 6 4, 3 20. Very loud voice, annoyingly loud. He walked into the middle of the pit, very unassumingly, almost tiptoed. And this was ordered. I got order for countrywide, I need to cross 3000. He was like, what was that? I need car. I need to cross over 4,000. And so a trader I was with said, I almost said his name. Let's just call him John. He said, John, what did you just say? And he said it out loud and then the crowd crossed it. But he's trying to do the same thing, just kind like, oh, I announced it. He's like, no you didn't. He was a good trade. Made \$20,000 in about two minutes

Max Katz ([00:48:07](#)):

You guys Did you guys have a floor committee that tried to keep it even and everybody claimed by the rules

Ophir Gottlieb ([00:48:15](#)):

And obo? Yeah, oboe is an order book official, just for those of you who don't know. And so they're kind of the police oboe. He was actually short, he was five four, but no one messed with him. He was a bull.

Max Katz ([00:48:28](#)):

Yeah, we had a committee, a floor committee it was called with the right to find people up to a certain amount of money if they broke the

Ophir Gottlieb ([00:48:36](#)):

Rule. We just had an oboe and he was judge, jury and execution.

Max Katz ([00:48:39](#)):

There you go. How best to monitor RSI

Ophir Gottlieb ([00:48:44](#)):

All, why don't you share your screen. I'll do it. It's okay. Here, I'll show you guys how to do it in trade machine. So share screen. This is trade machine. You go to the create tab, you go to show pivot points and here's RSI, the two RSIs. Okay.

Max Katz ([00:49:03](#)):

Right. And what you can also do, if you're interested in it, when it's at an extreme for a certain stock, you can create an alert that says for Amazon, when the RSI 14 day goes over 70, send me an alert and you can do it on the other side as well.

Ophir Gottlieb ([00:49:27](#)):

I see that 14 bay RSI is not computing. Lemme fix that.

Max Katz ([00:49:32](#)):

I'm sorry.

Ophir Gottlieb ([00:49:33](#)):

Nothing. Think I'm sending a bug in.

Max Katz ([00:49:41](#)):

Are you going to show us something or shall I? No,

Ophir Gottlieb ([00:49:43](#)):

No, no, no. Keep going. Sorry. Okay, we have nine more minutes and I think you can get through the questions. So yeah, go for

Max Katz ([00:49:47](#)):

It. Okay, well in the chat I have no idea how many more questions there are. I'm going, I'm going. And whatever questions we don't answer answer in community.

Ophir Gottlieb ([00:49:56](#)):

That's right.

Max Katz ([00:49:57](#)):

Are you going to highlight the current strongest sectors and there are three to five leaders or do we have to do that ourselves?

Ophir Gottlieb ([00:50:04](#)):

Well, just to be clear, I did that for three sectors for you just now. So there's another seven or eight sectors or whatever that's on you. You also don't have to do more than I just showed if you don't want to. But you guys remember a very strong, you have to agree with me. I have a very strong belief system. To be a successful trader, you need three things, process, which some people call a plan and that just means what do I trade? When do I open it? When do I close it? Now you should think if I have a process, I'm a good trader, but it's not because we're humans. So number two is patience, right? Process than patience. And patience. Two parts of patience. One is it's going to be harder than you think it will be, but two is because it's harder than you think it will be.

([00:50:48](#)):

It's going to be more satisfying than you think it'll be. And the third thing is effort. I always say in trade machine the process part, the plan part we can basically do for you, but I just did it. The patient's part is very personal. I'm not a patient man. It took me a long time and it cost me a lot of money to learn patience. But that's personal. Some people are instantly patient. The effort thing, I can't do that for you. I can't. I can make it easier. Trade machine makes it easier but I can't put in the effort.

Max Katz ([00:51:20](#)):

Alright, so what I was going to do after there's a zoom, probably not today because it'll be close to three o'clock and I have to get back to community as well as pay attention to my own option positions as I was going to pick one of the sectors and do the back test in community and share that with the community. So anybody here who wants to see that, it'll be in community sometime tomorrow. Alright. What about SPX? I am new to trade machine, but I also use Option Omega. Still not available in trade machine to backtest. I think SPX is available in trade machine to back test. It is. I do it all the time.

Ophir Gottlieb ([00:52:08](#)):

SPX and SPY are both in there. Absolutely.

Max Katz ([00:52:10](#)):

Yeah. S-P-X-S-P-Y-N-D-X-Q, Q-Q-I-W-M and RUT are all available for back testing.

Ophir Gottlieb ([00:52:20](#)):

I would use SPY, just so you guys know,

Max Katz ([00:52:23](#)):

You always use,

Ophir Gottlieb ([00:52:24](#)):

I use SPYI like less expensive options. I don't like eating up my haircut.

Max Katz ([00:52:32](#)):

I used to only do SPY, but then I did both once and they were different results. They weren't

Ophir Gottlieb ([00:52:40](#)):

SPX has more XPX has wider strikes.

Max Katz ([00:52:44](#)):

Yeah, so I do 'em both. Now when I'm interested in those kind of trades, picking the right delta to back test has always been a confusing decision. Right before market close, how does the best test choose between the actual 45 or 35 delta on a 40 delta back test?

Ophir Gottlieb ([00:53:04](#)):

It chooses the one that's closest to it and otherwise I think it chooses the one that's larger.

Max Katz ([00:53:09](#)):

So it'll go 45 over 35 for a 40 delta.

Ophir Gottlieb ([00:53:13](#)):

It depends if it's a spread, if it's a spread, then the rules change, but there shouldn't be the idea that it would be exactly 40 is almost impossible.

Max Katz ([00:53:20](#)):

Yeah, and to be fair, you should look at them both. I mean the 45, you might think that's a better trade or the three

Ophir Gottlieb ([00:53:30](#)):

500% percent. At that point you kind of have carte blanche. You're like I'll take the 35.

Max Katz ([00:53:36](#)):

To what extent is the expected move considered in any of the CML tools and if considered, how is it used? I don't think it is directly used or considered.

Ophir Gottlieb ([00:53:48](#)):

I think we

Max Katz ([00:53:48](#)):

Go by Delta.

Ophir Gottlieb ([00:53:50](#)):

Yeah, I think when you talk about expected move, I think people are talking about at the money straddle. Just to be clear, this might sound like I'm being finicky, but I think it's important. It's not the expected move's, the reflected move, the options market does not expect anything. The option market reflects the risk of something. It's a small difference it sounds like, but it's really crucial to trading options because if the market was expecting something, the market was expecting something, it would already be priced in. If the market is reflecting risk, that's something else.

Max Katz ([00:54:23](#)):

Yes, I agree with you 120%, but a lot of trading platforms out there today have what they call

Ophir Gottlieb ([00:54:32](#)):

Expected

Max Katz ([00:54:33](#)):

Move and I think they take the straddle, the 50 delta straddle and then the next strike on either side and then 20% of the one after that and they come up with an expected move for a day, a week, a month, whatever the

Ophir Gottlieb ([00:54:49](#)):



Expiration is. If you're spreading options, you don't have to worry about it.

Max Katz ([00:54:53](#)):

Alright,

Ophir Gottlieb ([00:54:54](#)):

Spread your options.

Max Katz ([00:54:55](#)):

I literally traded, this is back to David. David Gelman. He traded the first sugar option in the 1982 pilot program. Were you there for the David? Were you there for the movie Trading Places? They come to New York City, they traded in the orange juice pit. You got to tell us if you were there for the movie. That's right. If we practice, it gets easier hopefully. Absolutely. The more you use it, the easier it gets.

Ophir Gottlieb ([00:55:26](#)):

Yeah. Lemme share my screen for a sec to address that question. So just to be clear, while I talked a lot, this is all we did. Oh, I want to stop that. I went to my save back test, I picked a strategy, it doesn't matter which one I happen to be using, buy the sell off with ai. So I chose the strategy, I let trade Machine choose it. Great. I went to three years and then I did the, that's it. It just doesn't get any easier than that. So dropdown menu. It's a dropdown menu and you're done. That's it.

Max Katz ([00:56:03](#)):

Alright David, I'm going out of order for a quick second. David replied, they asked us all to come down on a Saturday morning at 6:00 AM but I didn't, David, I'm sure you regret that decision today. You would've been in the movie would've been great. Alright, what is my favorite trade set up? I like the pre earnings 14 day long call diagonal. Now with ai, that's my favorite.

Ophir Gottlieb ([00:56:35](#)):

I have four favorites, which I shared them in the webinar. So spread the sell off with AI by, so that's what we did last time. Buy the dip or buy the sell off, which we did today, right? Next time we're going to do the pre earnings diagonal with ai. That's going to be a more bullish one. So now you have a preview of what's coming next. That's one fade the dip with ai. And I also like the bursts of volatility, but we're going to cover by four favorites.

Max Katz ([00:57:02](#)):

Your burst of volatility is long, strangled technical, is that correct? Yep. Alright. Alright.

Ophir Gottlieb ([00:57:10](#)):

I think that's it.

Max Katz ([00:57:11](#)):

I think that's it. And it's 2 59.

Ophir Gottlieb ([00:57:14](#)):

Exactly. We did it. Exactly the minutes. Okay guys, so I have two things to say to you. We're asking of you before we go. First of all, you're going to get an email. You're getting an email from us which asks you questions about how today went. It's anonymous. We don't know who's answering it. So please answer. Honestly. It doesn't help us get better if you're just like, oh, you guys are awesome, blah blah. I mean, if you think we're awesome, that's great, but if you think there's things we can do better, it really helps us. It's anonymous. I won't know that John Doe said something mean. We won't know. It's anonymous. It's a poll. The email you get, emails you a poll. We don't ask you personally. Please answer it. It really helps us even if you hated it or if you loved it. And the second thing is, I know there's a lot of people here who were former trade machine members who are now saying, oh wait a second, you guys are going to have this live help thing, email support.

([00:58:09](#)):

You can get your old price on trade machine. We're willing to do that for you. This is a new version of what's happening right now. We're going to have Max, we're going to be with you. You have someone to help you. And the second thing is we have a huge upgrade coming soon on the today tab or on the back test tab when something is live. Listen to me when something is live, we're not going to make you look up the Deltas anymore. We're going to show you exactly the trade. We're going to show you exactly the trade. I have a picture of it. You guys want to hold on one second. I'll email it to myself. It's on my phone. Of course. Lemme

Max Katz ([00:58:53](#)):

Make sure. While you're doing that, can I just add that not only are you going to be seeing the trade with the actual Deltas, but you are also going to know towards the end of the day if the alert is still valid, right? Is that still in the plains over you?

Ophir Gottlieb ([00:59:11](#)):

Absolutely.

Max Katz ([00:59:12](#)):

Alright,

Ophir Gottlieb ([00:59:13](#)):

So I'm going to share this with myself. Hold on one second.

Max Katz ([00:59:18](#)):

Alright. And I think said earlier today, as far as getting a copy of the recording, send an email to support@cmlvis.com and tell them you were here at the session and I guess the company is going to provide a copy of the reporting and I think the reporting will probably be available starting tomorrow, if not later today. And I also want to say, well, is getting that picture ready that it looks like Amanda Kelly,

the head of the support group at CML was here today and she's incredible. She's very responsive and she does a great job. And I just want to say that on the recording,

Ophir Gottlieb ([01:00:10](#)):

I appreciate that. Okay, this is what it's going to look like. You're going to come to Trade Machine. If something's active, it'll say it's active. It's triggered now, and it will actually tell you the options to trade. You won't have to look it up anymore. And if it's not active, I'll show you what that's going to look like. So this is coming in about a month, okay? So hold on one second. Let me get that image. I'm not supposed to be showing these, but I know the CEO. Okay, share this. All right, let me get the image. Got it. Open up my desktop, refresh my images, and here is what it will look like. And

([01:01:14](#)):

Okay, you guys see this? Yeah. This is what it'll look like if it's not active, right? So say, oh, this isn't active right now. Last time it triggered was November 6th, okay? So that's how trade machine is going to look coming soon. So someone said, well, can you make it easier? We're getting there. We're getting there, right? We're going to have, it's going to look like this and this not active. It is active. And if it's active, you'll be able to see right there. Okay? This will also come in your alerts. So you know how I'm telling you guys set up alerts in your email, it will say, blah, blah, blah, blah, blah, whatever you wanted. Buy the sell off in this case and it'll say, here's the trade. Okay? So we are making strides toward making this easier. It still takes your effort, but we're going to try and help. Alright guys, that's it for the day. We'll see you, see you in

Max Katz ([01:02:06](#)):

Community,

Ophir Gottlieb ([01:02:07](#)):

See you max and community every day. Please go there. Please tell people about it. For those of you that are former trade machine members and you're like, wait a second, I get this twice a week and five days a week I get X. And you put in portfolios and you put in that dropdown of menu of back tests, and I'm going to see if it's triggered. If it's triggered, I'm going to see the options. Email support. It's time to rejoin because the price is going to go up once we add all that. Thanks guys. Bye guys.

Max Katz ([01:02:37](#)):

Okay, thank you. Thank you, Amanda. Thanks.