

Jason Hitchings (00:00):

I'll just get started with the disclaimers and I'm going to talk about the PRO scan today. This is not a solicitation to buy or sell any security ever. This is not advice. You should read the characteristics and risks of standardized options. The results here are provided for general information purposes. As a convenience to the viewers, the materials are not a substitute for obtaining professional advice from a qualified person, firm, or corporation. Trading futures and options involves the risk of loss. Please consider carefully whether futures or options are appropriate to your financial situation. Only. Risk capital should be used when trading futures or options. Investors could lose more than their initial investment. Past results are not necessarily indicative of future results. The risk of loss and trading can be substantial. Carefully consider the inherent risks of such investment in light of your financial condition. So we'll do some filtering by strategies.

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We'll sort we'll filter and we'll look at setting alerts and we'll do some kind of portfolio scans, if you will, the pro scanner today too. Okay, so I'm just going to mostly just pull open the back tester and go to the pro scanner. When you see this tab, so you kind of start here, if it's the first time you've clicked on it, it will be blank, but then it kind of starts to remember your settings. Up in the top left, you click which ticker group you're interested in. By default, it scans by strategy, and so it'll always be working off of one of these strategies here. When the strategy tab is activated, you can also scan by ticker, which we'll do next, but you can pick a group of symbols. All tickers will obviously just give you the whole market, but if you know for liquidity purposes or something else that you want to focus on the s and p 500 or nasdaq, you can select that here.

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Then on the left hand side, you have a lot of strategies to choose from. So by default, trade machine generally has a settings of never trade earnings. So our philosophy is that if you're not trying to trade earnings, then probably don't want to hold through earnings. And if you do want to trade earnings, then you should have a specific strategy for earnings. If you're just testing something like a straddle or strangle or fade the dip or anything else, then we tend to just hold those when earnings is not active. And for us, as most of you know, I'm sure never trade earnings means you would sell the position two days before the earnings event and then you just reopen the position if all of the other technical conditions are true starting two days after the earnings event. So you don't take that earnings gamble without meaning to. So once you have the strategy loaded, so at the top here, it's kind of the general bucket of all kinds of different strategies, including the fade, the dips, and the bollinger's, and all of these strategies, the spread, the sell off. These are not earning specific strategies. So that's the largest group at the beginning. And if you want to dive

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Deeper into any of these strategies, you can go to the learn tab and there'll be a specific video and oftentimes a writeup on these specific strategies. Below those is the only specific only earnings strategy we have is only trade is just long strangles through earnings, but you can obviously create your own. And then we have some after earnings strategies and many times those in addition to being after earnings, they will often look back at what the previous earnings event was like in terms of how the stock reacted. So many of those strategies will have something built in such as if the day after the previous earnings move, the stock was up 2% or down 2% or something like that. Not all of them, but many of them use that feature of trade machine built in so that you get a sense of the momentum coming out of earnings, whether you're looking for something bullish or bearish.

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We also have a lot of pre earnings strategies, and a lot of these take advantage of optimism that comes leading into earnings. Oftentimes, there is a hope or a thought, especially in a bull market that the stock is going to start doing well. So out of a week or so before earnings, the stock sometimes will start trending higher, and even if the stock doesn't trend higher, oftentimes people start loading up on options going into earnings. So oftentimes the options themselves can get more valuable going into earnings, and some of the diagonal strategies will kind of take advantage of that buying pattern or that volatility pattern. Many times they will sell an option that's going to expire before earnings. So the volatility, the theta, the time value in that option will be dropping off very quickly, and the option that you own after earnings will be maintaining its value or sometimes even increasing in value as people start loading up on options, anticipating that earnings event.

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And many times that will kind of cause the implied volatility of the option to increase and the value of the option to increase. So many of these strategies take advantage of that phenomenon. Not all but many. So once you've selected any of these various strategies, that's fade, the dip, ai, et cetera, anything that says AI after it is using this kind of quote, skew and kurtosis the tendency of stocks to make large jumps or to have a jump in one direction or another and there's more to it. And so we kind of give information to trade it without trying to go into all the details of that. So once you're at this screen, all of these fields are sortable. So if you wanted to look at the total number of wins, you can do it this way. You can look at win rates, you can look at average percent returns.

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So that can be a powerful way to sort these guys. Additionally, you might know that you're looking for things that have done well over a certain timeframe, so you might be focused on just the recent bullish market, or you might say, Hey, I want things that have done well even when the market wasn't doing so great, because I'm not sure how long I think this bull rally is going to last. So you can do it by filtering out these years. You can say either one year two or a three plus. Some strategies have five or even 10 years, but almost all have a one, I mean a one, two and a three plus. So there's some additional filters you can put there. Now, a couple more things I want to talk about can also filter these scans. So if you click the filter, you can say, no matter what I'm looking at, I never want to see a one rate lower than 70%.

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I want something with a high that this trades tend to win. At a high percentage, you can say, I want the average trade return to be 10 or 20%, and then I want the total backtest return to be. You can pick any number you want. Once you apply that filter, it kind of stores the settings in the background. So if you come back to the page, it's going to still show that you have these three active filters. If you ever want to change them, you can just click here. You can also clear the filters with this button, but when those are active, then it'll apply that filter to all of these scan results. And so we have minimum total backtest return set as 80%, and you can see when we sort this column from minimum to maximum, it starts at 81% as the total backtest return.

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So you can apply these across the board to kind of narrow down the strategies that you are looking at. You'll notice here this kind of alert column what this alert means. So the ProCan tab, just big picture. The way this is working is that we are taking all of these strategies, 30 or more strategies, and we're scanning every single ticker for these strategies on a very frequent basis. And we show the results here for strategies that have done relatively well. So we're not showing things that have lower than a 50% win rate or that have a negative return. So we do kind of apply our own filtering in the background to

these strategies just to kind of show you the ones that have had good trends. Anything here that shows an alert, you could think this is a little bit like running a back test instantly.

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So if you wanted to look at something basic like long strangles, again, all these filters are being applied. I'll just clear the filters. It's kind of like you just backtested the market for this long strangle strategy, and right now I'd be looking at the largest 500, but it's showing you all of the results for things with reasonable returns. So these are essentially like backtest that have already run. I mean, they actually very much literally are back tests that have already run in the last week or so. And then we've done some filtering on top of it. This long strangle with

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A never trade earnings, it doesn't have any earnings specific trades. It won't hold it through earnings, but it's not an earnings trade per se, and it doesn't have any technical conditions built into it. So for that reason, essentially if you like this straddle trade or any of the others that don't have technicals or earnings conditions, they're essentially always ready for entry from the back test's perspective. If you pick one of these strategies and put it into the back tester, it will trade immediately at the start of the back test. So back test, this is the first day of the back test and it trades immediately. Then it applies all of the conditions and kind of moves forward in time. So if it says that alerts are not required, what this really means is that these are always active. You also notice that this triggered will always be true as well because there's nothing unless you're within two days of earnings, it's going to show that it's available to, that it's triggered immediately.

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And for platinum users that you get this show options button, which you can actually see the individual options down at the bottom after it loads it. And this would say, this is how you would enter the strategy. So any of these strategies that you have, you just need a reminder. If you don't need a deep dive into something like a mammoth or fade the dip, but you just like, okay, well what deltas are you using or what based expiration? If you just click any one of those, it's going to pull up all of the details. You can say, okay, oh, it's 30 days expiration. Oh, this, it's a 50 delta straddle not a strangle. So it'll load all of those settings directly. There's no ad alert feature because all the alert would do is say, okay, you can immediately enter. So the alert wouldn't be providing any additional helpful information.

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However, if you do a strategy that does have technical conditions, this little alert field will pop up, and if you want to look at high average trade returns or whatever else, then you can start clicking some of these. And now when you add these to the thing, then you have the ability to add the alerts that way. Yes. Okay. So then additionally, you can also look at these strategies on a per ticker basis. So instead of saying, I want to look at a fade, the dip strategy or something like that, you can look at individual tickers. So you could say, I want to look at a MD, apple, Nvidia, et cetera, and I just want to look at the best strategies for these particular tickers of interest to me. And you can apply the same kind of filters. You can say, I want a win rate of 80%, and filter those out, and it'll apply it across all of the tickers that you enter here, and you can build these lists from anything that you want to. So anything that will export a list of tickers in these kind of comma separated or space separated format will allow you to filter those and to look at those tickers specifically. And then you can add the alerts in the same way here. You can put oats, et cetera. Let's see here. Okay.

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Yeah. One other thing I wanted to show real quick and then we can dive into some questions. If I have pattern finder. So for anyone that has pattern finder, and I just use this as an example of a way to create

a portfolio, if you look at the stock screener down at the bottom, there's a very detailed stock screener with hundreds of different fundamentals and relative strength conditions and institutional ownership and all kinds of different parameters built in here that you can use to customize a certain list of tickers. And so once you have a list of tickers created, you can export that list of tickers, and then when you open it up, we can take these tickers and put it into this scanner and start to filter off of that list of tickers. This is one I just dropped in here, and now all of a sudden you have sort of a portfolio, almost like a portfolio back test, but you can test a lot of different strategies at once.

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And you can say, I just want to look at the results that I've had the best across these list of tickers that I'm interested in. You might screen on something fundamental. You might take a list of CML pro tickers that have done well and look at bullish strategies around CML Pro top picks, for instance. And then you can again, just kind of go through here and add the alerts for any tickers that you're interested in that way. So this is a large list, but you can, instead of sorting by ticker, you could sort by average return and pick the strategies with the highest average return and add alerts that way. So that's kind of a quick overview of some of the features within the PRO scan.