Amanda Kelley (00:00):

Good afternoon slash morning everybody. We're excited to have you here with us again, we're going to go through the disclaimers and then Max has some things that he's going to go over and we will wrap up with questions. 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 in trading can be substantial. Carefully consider the inherent risks of such investment in light of your financial condition. All right, max. I am going to be here if you need me, but I turn the floor over to you. You should be able to start sharing. Thank

Max Katz (01:13):

You. Appreciate it. All right. Hello everybody. Today I'd like to spend a few minutes just going over how as you receive alerts either on the today tab or personal alerts from your alert database, and you can get those via email or text. The job's not done. You don't just run and take the trade. You have to look at the alert and evaluate it, and I'm going to go through how I evaluate alerts and then decide if I'm going to take the trade or not. Alright? This is what I do. Not necessarily everybody does the same thing, but it's a good guideline I think everyone should pay attention to. So this is the today tab. Today, when you log into trade machine, this is a screen that comes up. It's the first tab at the top here, and we got to back test the ProCan and the learn tab.

(02:08):

I'm constantly referring people to the learn tab from community when they have a question where there is excellent information in the learn tab that deals with that subject. So you do want to become familiar with the learn tab, but that's not why we're here right now. We're going to talk about alerts. So the first one actually prepared some notes. The first one I'd like to talk about is Interactive brokers, A bullish burst. So we basically just click on the name of the stock and in a separate tab, this alert, its back test will appear and we take a quick look at it. Lemme just move this down a little bit, alright? And it's a bullish alert, it's a bullish burst. We are looking at options approximately 14 days to expiration and we're going to buy a long call. Alright? And here's, this one actually has a stop limit of 60% and a profit limit of 40%.

(03:08):

And that's what the Backtester uses when it goes through the history and calculates wins and losses for this trade using these technical open and technical close conditions. And if it's no longer active at some point today, this was active, I looked at it earlier today, but I'm sure a lot of bullish alerts are no longer active. Given the state of the market right now. It would say trigger and the time, the day and the time. If it's no longer active, then you should check a few times during the day before you take the trade. It'll say not active here, but let's assume that all the ones that we're going to review today are active. So you have an active alert before we even evaluate the back test. I look top left first thing, when is the next earnings event? I want to make sure that it's not too close to the current date, which today is July 30th.

(04:06):

Alright? Unless it is an alert that is specific to earnings. We have 14 days before earnings. We have seven days before earnings. We have three days before earnings, we have two days after earnings event.

Unless it's one of those specific earnings alerts, I want to make sure that the earnings event is not within two days of the current date. And that's because when we go down and look at earnings handling, we always want for those non earnings related alerts, we want never trade earnings checked. And if you're not sure if it's checked or not, just click on it and if it's already there, nothing's going to change. If it's not there, then it'll recalculate the back test for you. Alright? So that's the first thing. Very important. You'd be wasting your time if this next earning date for interactive brokers just happen to be July 31st.

(05:11):

We're not taking trade, that's not earnings related. Alright? So there'd be no cause to continue looking at the alert and you can move on to other alerts. But assuming that the earnings is far enough away for a trade, the next thing that I do is I look at my trading platform to see how tight the option bid asks are for interactive brokers, I want to be as close to 14 days to expiration. I want to look at that option chain and I'm looking at calls. So I'm going to hopefully do a new share switch to my trading platform. And there we go. Interactive brokers, IBKR is assemble. Now they only have IBKR only has monthly expirations, but it's not a problem in this case because we want an expiration relatively close to 14 days and there's one at 17 days. Alright, so we have an appropriate expiration.

(06:15):

The next thing we have to focus on is the option bid Ask. Alright, so these were a little tighter before, but we'll deal with it. We're actually looking for a 40 delta call. We have a choice of 49 or 24, but the key thing I want to highlight is this is the bid for the option. This is the ASK column for the option. And right now, so honey, that means I take 10% of the prize and I say, all right, I round up a little bit. I want 15 to 20 tick wide bid. Ask spreads to consider this tight enough to trade. Now this was tighter before. I'm not going to try and tighten it up. I don't want to take bullish trade right now, but this is 25 ticks wide. So this would raise some concern, but we're going to assume that we're going to take the 24 delta call instead.

(07:11):

And then you'll see that that's only 10 ticks wide and the one 30 strike is only 10 ticks wide. If we were looking for puts, they're all 10 ticks wide. Alright? So this will be a little tighter towards the end of the day I'm sure, and probably be 10 to 15 ticks wide, which is within my estimation of what's tight enough to take a trade. Alright, so let's look at another one. Let's look at another stock and let's go back. Got to do a new share again. Share. Okay, and we don't need this anymore. Now we're back on the today tab and the next one we're going to look at is SLVH, which is down here. This is a pre earnings 14 day call. It's from Friday. Doesn't matter for our purposes, we're going to take a look at that alert right now. There's a few things here.

(08:04):

So s Vamo Corporation, never heard of, it doesn't matter. It uses 30 DTE options. This is an earnings trade. Alright, we see the next earnings is August 9th before the market opens. We're on July 30th, but there is a weekend in there. So it is seven days, it is 14 on Friday. Last Friday it was 14 days before earnings. Sorry about that. So because this is an earnings related trade, the first thing I do is double check the earnings handling. And in this case, because it's an earnings related alert, we're going to look at custom earnings and okay, it's correct, it's custom earnings handling. We're going to open it 14 days, which it was last Friday and close it one day before the earnings event. So that's cool. That's correct. So, so far, so good. Next I'm going to do, before I even get into checking the three year, two year, and one year back test, because you'll notice that the end date is not today's date, it's Friday's date and I want to double check that.

(09:07):

But the next thing I'm going to do so I'm not wasting time, is check that option bid ask. So we're going to go back to my trading platform. We are going to load it up. They're only monthly expirations. We need closest to 30 DTE, closest to 30 DTE happens to be this one 17 DTE, which is a little far away and I might want to change the back test to 17 DTE just to double check. But it's more than two weeks away is after the earnings event, which is August 9th. So in my mind it's still a valid candidate, but now we have to check the option bid A for SLVN and lo and behold, it's not good.

(09:54):

It's trading in 75 33. So the one closes to 50 delta. If we wanted to take that long call, it's over $2 wide for $75 stock. No, I want 10, maybe 15 ticks wide maximum for $75 stock. The 32 delta option call is a dollar wide. I reject this alert because the option bid asks are too far apart. Alright, I'm highlighting the reasons not to take an alert. There are many there that do qualify and are good candidates like interactive brokers. The first one we talked about, and I'm going to show you another one that has something special that I want people to pay attention to when they're evaluating alerts. So back to the sharing and we switch back, get rid of this, we don't need this anymore. Instead of just picking another one from the today tab, I received a personal alert on Apple late morning.

(10:57):

These alerts start hitting by the way, between 10:35 AM Eastern Standard time and 10:45 AM Eastern standard time. That's when you'll start seeing them. Okay, this is a last MACD crossover trade closest to 14 days to expiration, and it's a long call spread with a 75% limit and it's got good results. I could go through the three, two and one because this end date, this personal alert hasn't been updated in a while. So why don't we do that very quickly? We'll just do the one year, right? But in this case and Apple, I don't have to switch to the training platform. I'm sure everybody listening knows that Apple has the tightest bid ask markets, it's on the top 10 list for having tight bid ask markets for any option chain that it has. So I don't have go back to my trading platform, but there's one problem here and we're always checking the next earnings date is August 1st.

(12:02):

This is a regular alert. It has never trade earnings. It's two days between now and between August 1st and July 30th. We do not take this trade today because it's within that. We're about to be within that window of never trade earnings. If I get an alert next week and it's a fast MACD crossover on Apple, then this hindering condition will not be present and I'll be able to take this trade. So it's something else that you really have to focus on just because you get an alert on the today tab or via email or text message. It's only the beginning of the process to evaluate and make sure that it's a valid alert, assuming it's still triggering and not non-active near the end of the day. So I just wanted to highlight that and I'm ready if there are any questions.

Amanda Kelley (12:59):

There are some questions, but I was just going to add, can you show where they would find the details on what the condition or what the requirements are for never trade earnings? So on the learn tab?

Max Katz (13:11):

Yeah. Yeah, I can certainly do that.

Amanda Kelley (13:14):

We don't expect everybody to remember off the top of their heads what the settings are for never trade earnings or any particular today tab strategy. We actually have detailed strategy explanations on every

today tab strategy from open conditions to stops and limits all laid out on the learn tab. But we also have things like never trade earnings so that you can look at it and you can review and say, Hey, this is a five day window, two before, two after day of earnings. So I know to avoid that or only trade earnings where it's the exact opposite, you're only trading in that five day window. So we do have all of these resources readily available to you on the learn tab as well as education and things like that. So if you ever have a question and you either don't want to ask in community, don't want to email support, whatever you do have these resources available to you. Although we do highly, highly recommend getting in community asking questions there or emailing support, we're always happy to help wherever we can. Yeah,

Max Katz (14:26):

Absolutely Learn tab, it's the bible of trade machine contains information on getting up to speed. Every strategy that is provided has a section and things like just search for what's important to you. And in this case we wanted to know about never trade earnings, but this never trade earnings is pretty widespread except for those earnings related alerts and that's why I wanted to highlight it. You have to check it out when you first look at the back test. Exactly when you get an alert.

Amanda Kelley (15:02):

Exactly. All right, question number one, how can trade machine help in day trading options? I think we covered this a little bit last week, but do you want to go ahead and share what you shared last week, max?

Max Katz (15:15):

I'm sorry, could you repeat that one more time?

Amanda Kelley (15:17):

How can trade machine help in day trading options?

Max Katz (15:22):

Okay, so strictly speaking, trade machine uses end of day data and IT back tests at 3:45 PM The prices and technical conditions at that specific time Eastern time to decide if something gets added to a back test or not. So intraday data is not part currently the trade machine environment, the shortest amount of time that you can go is one day and I have, and it's posted it in community last Friday I did some work on 1D TE options and trades to generate alerts for things like SPY and SPX, the QQQ and IWM and I posted that my basic alert and backtest last Friday can do it again in community if somebody wants it and doesn't want to search for it. But you can do 1D TE trades and backtest it before you do it and the trade machine will let you know during the day the alert is generated, but it's not going to expire until the next day. It's 1D TE trade. Alright?

Amanda Kelley (16:38):

And the reason for that is that since trade machine uses end of day pricing for all open and close positions, there's no way to open and close a trade in the last 15 minutes of the market. So

Max Katz (16:50):

Right, right. It's not going, you can't back test opening something at 10 o'clock and closing it at 12 noon with end date. Exactly.

Amanda Kelley (16:59):

It is something that is being talked about, don't really have any additional information as to when or if that would be coming for zero DTE, but we definitely hear that there is some interest. We're looking into it. All right. Next question is how do you decide stop for long calls?

Max Katz (17:16):

How do you decide to stop for long calls? Now you can have your own personal preferences, number one. Number two, it really depends. Some of these predefined strategies, like when we looked at interactive brokers, I believe has a profit limit and a loss limit. So let's, okay, it does beautiful. So these predefined strategies that are on trade machine on the today tab and other strategies, save back test, you can look at a whole bunch of different CML trade machine strategies that have been saved. They've been back tested over 10,000 different conditions and subsets of the data to find the best results. And in this case, for bullish burst, it was determined that it was best to have a 60% loss limit and a 40% profit limit. Now you don't want to be limited on the profit side, your personal preference, then I suggest what you do is you take out the, this is, let's do this again just to keep it easy and I'm going to take it out here.

(18:29):

I'm going to take the profit limit of 40% out and you don't want to be limited, so you should backtest it, no limit on the potential gains. And now you'll see that this trade has turned into a loser with the 40% profit limit, percent return, total return, one 48%, 66.7% win rate without it, negative total return, negative percent return 25% win rate. So I would keep that limit when I did this trade. Now other trades, other strategies don't have limits and a lot of people like to go the other way and say, you know what? I don't need endless limits for either profit or stop. I want to set my own. And then you would do what I did for interactive brokers. You would come down here once you got the alert and display the back test and say, Hey, I want 40 and 60 and see what it looks like compared to the predefined alert and see if it makes sense. Okay, that's

Amanda Kelley (19:31):

Perfect. Yep. It's all about your risk tolerance when it comes to that. Is backtest it to where you're comfortable. I know Max doesn't follow the predefined strategies a hundred percent of the time. That's

Max Katz (19:44):

Correct.

Amanda Kelley (19:45):

Alright, could you review the bearish burst in phase on today, tab ENPH?

Max Katz (19:52):

You know what's so funny? That was on my list, but I went past my all lot of times so I didn't cover it, but we're going to look at it right now. ENPH.

Amanda Kelley (20:01):

Yep. They asked if earnings was too far away as well.

Max Katz ([20:04](#)):

Okay, let's take a look.

Amanda Kelley ([20:05](#)):

Look at the earnings as well.

Max Katz ([20:06](#)):

Alright, so okay, this is a bearish burst. We're going to buy a 40 delta, put, it's a 14 DTE trade next earnings event is October 22nd. We're only interested in the next 14 days. No problem with the next earnings event, right? It says not verified because it's too far away, but it's not happening in the next 14 days. This is a beautiful alert. I would at this point, first of all, make sure never trade earnings. Okay, nothing changed. So it's a never trade earnings trade. And let's take a look at ENPH on the trading platform and see if we're going to do a new share and share. PNPH. Alright, got weekly options. We're going to find the closest to 14 DTE, which in this case is the Augie monthly expiration, which is 17 DTE. That's only three days away from 14, whereas the 10 DTE is four days.

([21:09](#)):

So I would go with the closest and that'd be the 17 click on. Look at the option chain we want puts 40 delta right here. Here's my Delta column 40. The bid ask is 15 ticks wide. It's a stock, 15 ticks bid. Ask on an option, no problem. This is tight enough for me to take that trade as long as it's still active near the end of the day. Now if you only work part of the day, a lot of people will take this trade earlier if it's active at the time that they're looking. So let me switch back and share. Yeah, 14 DTE 40 delta puts. It's still triggered. Now there's a perfect example. If you're an annual member of trade machine, I believe it's called platinum. Yeah, there it is. Get that little platinum. You can actually look at the suggested option trade from trade machine.

([22:04](#)):

So we'll click on that and it's going to ask you to understand that the information shown is not a recommendation, but just a suggestion. Please confirm with your brokerage platform and to believe it's the same put that we were just looking at on my trading platform. They want you, they suggest machine suggests the August 16 expiration buying. The 1 0 8 put this, a lot of people find very valuable and it's their number one reason for wanting to be a platinum member, which is you pay for 12 months at the beginning of the subscription and it's at a discounted rate. Amanda can go into the details, but you get things like that. You get on the today tab, there's a liquidity indicator. So the best is if it has a liquidity rating of five. So when you're looking at all the alerts and there's just too many to consider and you're a platinum member, you can say, you know what? I don't really want to see things with a four or a better rating. And you're able to cut down on the list of possibilities, but it's more likely, even though I still check my trading platform, it's more likely that these alerts will have liquid options. Platinum members have a couple other benefits that's actually listed in the learn tab.

Amanda Kelley ([23:26](#)):

Back testing is faster. You can backtest more takers at once, but the full list is on the learn tab. But that's kind of the highlights of it. Most people, like Max said, honestly, go for it strictly for the ease of option selection because that is the options that trade machine is going to use. As Max said, always double check with your brokerage. If this continues to stay triggered throughout the day today, tomorrow morning when the back test loads, you're going to see that on the back test tile. You'll see where the

trade was executed based on those options. All right, next question. I could not find Max's 1D TE example from last Friday. Could you please post again?

Max Katz (24:13):

I can post again, but let me just quickly show it to the group that's here right now.

Amanda Kelley (24:18):

Yeah, absolutely.

Max Katz (24:19):

Do SPY and we're looking for 1D TE. This is my alerts database. Come on. Where are you? Maybe it's on the second page. Lemme move this over here. Let's move that out of the way. It's going to be on the first page. I apologize. There it is. I should have looked down this column. So we're just going to click on the alert. This is a short condor 1D TE. When the stock, in this case, the SPY or the SPX is down at least a half a percent or more and it's RSI two day value is greater than 30. Alright,

Amanda Kelley (25:03):

I was just going to throw in there, max, when you're searching on the alert tab, you can search by ticker or by anything in the notes section. So Max could have also searched by 1D TE to make it faster, which is another reason why it's so critical that you make those notes. Not only is it good for you to remember and leave that backtest link in there because otherwise he couldn't go back to this link and see what he created. So leave those backtest links in there and add your own little note. That's something that you're going to remember, whether it's open trade based on whatever, free earnings, just something that you are going to know yourself so that when you get the alert, because all of those details are in the personal alert that's sent.

Max Katz (25:48):

Right. I always put a note in as you'll see here, and yeah, max short, K, Dora one, DTE, all those things in white on top of the link or personal notes that I put in at the time that I create the alert. This originally had an IWM and an RUT options as well, options, bad word choices for underlines. But after I created this, I realized that the IWM and RUT didn't have 1D TE options for as long as the SPY and ESPX. So I didn't believe in the data since it was using 3D TE or five DTE because it only had it couple of days a week for IWM and RUT. Now that has recently changed and I'll start revisiting IWM and RUT after a few months for 1D TE trades, but for right now. And what I had posted was by an SPX and you can see that this isn't current. So I've already broken one of my guidelines, so I want to do a one year with the end date being the current date. And you'll see over the last year there've been six occurrences where these two conditions have met and pretty good results. But I'll post this in community later today.

Amanda Kelley (27:10):

Perfect. Thank you Max. And that was the last of the questions. If nobody else has any questions, then we can wrap up for today, but I'll give it a couple minutes if you want to drop anything in the chat. Okay. Do you want to show for anybody that doesn't or isn't aware, can you show them community and give them just a little brief overview? Sure. And how to find you.

Max Katz (27:30):

My second home is community and there I'm looking all dressed up. I'm chat uncle pops and community. I'm there at least two hours during the trading day, but I spend a lot more time in community than that. Sometimes I check in the evenings or even over weekends just to see if anybody has any critical questions that need answered. But this is the trade machine community. CML has another service that talks about stock research and they have their own community called the CML Pro Community Trade Machine Community also includes pattern finder. So you can ask questions about pattern finder here as well. And this is, I usually get on eight between eight 30 and nine o'clock. I wish everyone a good morning if there are significant earnings events. I will mention what they are, especially if there are positions that I have and they have earnings today. A MC after market closes, it's either going to be a MC or it's going to be BMO before market opens. And then

Amanda Kelley ([28:36](#)):

Since you mentioned that as well, I am working on, I've heard you am working on glossary of terms. We've had a lot of requests lately of that. So soon you'll have a glossary of things like a MC and BMO that you can search on the learn tab to see what those mean for newer people.

Max Katz ([28:57](#)):

And this is just an example question of a relatively new trade machine user. And please don't be bashful. Come into community and ask your questions. Visit that learn tab. There's a special section on getting up to speed. Sit through that, read that information, start asking questions. The second thing as you're getting up to speed, I would focus on is the today tab and the back test tab. That's the backbone of trade machine. You want to be fluent in what the today tab is telling you. And when you click on an alert, it's going to take you to that specific back test. You should know how the backtester works. So those are the three things getting started. The today tab and the back test tab. And those sections are all over the learn tab. Great information. Alright, so we get these kind of general questions and then we'll get specific questions. Why not take this trade stray? Why did you get out at 30% when it's a 40% limit? I mean, anything and everything that you can imagine and some people, we have a whole bunch of users in the community that post their own personal alerts and ask for feedback suggestions or just want to share an alert that they know is a good one.

Amanda Kelley ([30:19](#)):

Yeah, it's a great place to really get started, really build your alerts portfolio by saving these alerts that others have shared. And you can always decide later that you don't like it. But it's a great way to get started, start getting those notifications and start finding what is your speed and what's not your speed.

Max Katz ([30:38](#)):

Right? Yeah. So come visit, leave a message at any time, even if we're not there. The community is up and running 24 hours a day and we'll get back to you as quickly as possible.

Amanda Kelley ([30:49](#)):

Absolutely. All right, we didn't have any other questions coming, so I think we are good to go for today. If you guys have any questions, again community support, don't hesitate to reach out and we will see you soon.

Max Katz ([31:02](#)):

Always a pleasure. Thank you Amanda. Thank you.