Amanda Kelley (00:00):

Hello everybody. Let's get started with the disclaimer so that we can get through everything this evening and make sure we leave plenty of time for everybody's questions at the end. 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 are 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 risk of such an investment in light of your financial condition.

(00:58):

All right, and then as I said, we had a lot of requests after last week's session when we discussed the new features that were coming to Pattern Finder that have now been launched in beta for all Pattern finder subscribers. So we had a lot of people wanting to know, Hey, how do you use Pattern Finder with Trade Machine? So I'm going to take a minute, run through a very, very basic example of this and then turn it over to Max to go a little bit deeper. So first and foremost, if you have not yet seen it, the new feature within Pattern Finder, the stock chart analysis tool fully run by ai, and it's going kind of give you an overall view of everything that you're seeing on the stock chart and trade machine or in Pattern Finder. It takes everything into account including p and l zones, and gives you pretty detailed trading plan at the bottom, including whether the picker is currently more bearish or bullish based on all of these factors.

(02:05):

So how to apply this in your trade machine options trades. There are a number of ways to do so, but the way that I like to use Pattern Finder in conjunction with Trade Machine is by taking advantage of the stock screen. So in this area you can kind of set up your best case scenario, what all do you want a stock to have before you consider it for an options trade? And you can target whether you're bullish or bearish on the stock. We have several prebuilt screens along the side here, but you can custom build from hundreds of options across here to select your specific preferences for analysis, including can apply skew and ketosis, which we will look at in a minute. But the way I like to use this is right now my favorite has kind of been the bullish charts. That is actually the newest introduction to Pattern Finder as far as the screens are concerned.

(03:08):

So I then take this and personally like to filter based on positive kurtosis. So then I take all of the tickers with positive ketosis and review. See, okay, maybe I don't want to go for these, but these upper ones that have strong positive ketosis I'm going to look at. I then export the tickers, which I've already done, and I take those over to Trade Machine and go to ProScan. And I know we've talked about ProScan a lot, but this is one way that you can really build your alerts portfolio and you can do it quickly. So I took all of the tickers that had positive kurtosis and right now I'm only going to look at the one year back tests so that I can kind of see what the most recent trends have been. You can then further filter it by back test return, average trade return, or just look through based on wins.

(04:11):

But while we're here, let's just look at this top one. And I know this one was actually active today, so we'll go ahead and open up the back test. If I was just using this to build the alerts portfolio right now and not looking for active trades, I would just add alerts right from ProScan. But in this case it was an

active trade today. It triggered all of the conditions were met. You can see that from here. That is not always the case with ProScan. As we've talked about before. ProScan is not going to be your currently active triggers. That would be the today tab. But since we have this one, we can see that it's got a 50% limit. Go ahead and plan on taking this trade. So get the options or if you're not a Platinum member, this is a platinum feature to show the options, you can always go to the options chain and identify the options based on the settings of the back test.

([05:07](#)):

So we're looking for closest to 30 days to expiration. So in that case, 22 is closer than 57, so we will go with the August. Here are the options. Let's do a quick screenshot so we can compare. So as you can see found the short was supposed to be at the 40 delta and closest to 40 Delta is going to be the August 16th, 2024 puts. And that's also going to be the closest options since it's aftermarket, it looks like it has dropped off. One of the options because it's not showing the $5 puts on my option Shane, but this would be the trade that tomorrow is going to reflect in trade machine. So I know Max has talked about previously, he likes to use his own discretion, which is great. I always recommend that you deep dive into it before you make the commitment of taking the trade. But as a note, this is the exact ones that are going to reflect in trade machine tomorrow. All right, so I know that was quick. I wanted to leave enough time for everybody to ask questions at the end. So if you do have questions we can certainly revisit something, but I'm going to go ahead and hand it over to Max because he has a little bit more that he wants to show from the opposite side of Pattern finder going backwards from trade machine to pattern finder.

Max Katz ([06:28](#)):

Great, thank you. Good job. Alright, I'm going to share screen this past Monday after the big debacle over the weekend Friday and over the weekend with CrowdStrike software having a problem with the Microsoft software that it sits on top of and causing all sorts of travel problems and banking problems, et cetera, et cetera. So come Monday morning crowd was off many, many points and I'm thinking, hey, I wonder if I'm going to get some alerts today about maybe it went down too far, maybe there's a buy the sell off or a spread the sell off, some kind of trade that I can put on to take advantage of this situation. And sure enough, late morning I get an alert for Crowd, it's a buy the sell off and it's got a good back test. It is a 60 day, 30 day long call diagonal, which we can verify right here, long call 50 Delta 60 days.

([07:31](#)):

Oh it's a twenty fifty twenty twenty Delta short call 30 days out, alright? And it's going to run it again, still has good results. But then I said, max, what does pattern Finder think about this? What does pattern finder think about crowd before I go and take this trade? So I went into Pattern Finder and I looked at the chart and then I clicked on the AI button as Amanda had shown you before. And I got the stock chart AI analysis and you can read this on your own, but go through what the key things were for me trying to figure out if it's bearish or bullish and it looks in volume analysis and price change and trend lines. You'll see this right here, this is very important and it's mentioned in the summary at the bottom. An overall rating is 10 on a scale of zero to a hundred.

([08:22](#)):

This is very bearish. So that's a strike against taking that by the sell off bullish trade that we received an alert for on trade machine. But I continue to go through it. It talks about points of support, points of resistance, I don't know if you guys have seen this or not. Upside and downside targets based on support and resistance. And then it gives you summary trading plan and it highlights why it thinks it's more of a bearish trade than a bullish trade, but it gives you key support and key resistance targets to the upside and downside and then gives you a concise trading plan given the strong bearish indicators,

consider short positions or protected puts. If you already had a position monitor the support level at two 50 a break below that could signal further downside and it's getting close to that right now. Today, Thursday ended today was two 15 cents and then it says, hey, if you still want to get along, wait for a confirmed reversal above three.

Oh, so based on this analysis, I'm not that interested. The crowd by the sell off bullish alert. Then in CML Pro community late morning, the users in the CML Pro community and were talking about this same issue. Is it time to start taking a long position? Has it come off enough? And someone went over what I just went over with you guys and then someone else asked about, well what are the competitors to crowd? And sure enough, another alert I got that warning was for Sentinel One, which has similar software to what CrowdStrike does. Not as successful yet. As you can tell, the price is only 23. I don't know how long it's been public, but it's a valid competitor. And I received the buy the dip, I guess the crowd, the action and the bearishness of it also affected its competitors including Sentinel One. So Sentinel One, I got to buy the dip slightly different trade in this case it is a 30 day to expiration long call spread. Fifty thirty, fifty delta, 30 delta. And I said, well I got to check it out on the pattern finder and see what kind of information it gives me per Fentanyl one. Come on. Thank you. Well

Amanda Kelley (10:45):

That's loading Max. I know you've mentioned on other sessions that you are not much of a chart, so you don't do a lot of chart analysis. Do you want to share your kind of impression or how you're noticing a difference in chart analysis with this tool? Is it making it easier or

Max Katz (11:06):

Oh yeah. The bottom line of my thoughts are I'm not a chartist. If I see something that I think is significant on the chart and I take a trade because of it, I would advise everyone else in community to go the other way. I am not a chartist, so this is perfect for me. When we're done with this, I'll quickly show you what I look at. Just I look at the profit and loss zones and the clear support and resistant lines on a basic chart and just to see if I'm in the right area. But that's all I use pattern, find it for up until now, I use it every day. So we're looking at fentanyl one and similar points of support. Is this bearish or bullish? You'll notice that it has a bullish, moderately bullish 70 rating on Monday. This was at 85. It was a very bullish rating, but I didn't take a picture of it at the time.

So we are using tonight's information. We go down to the summary plan trading strategy given the bullish indicators, if this is focusing on buying or selling the stock, but I can make an option trade out of it. I already have an option trade alert that on call spread with 30 DTE and it tells me what my upside targets are, which are pretty consistent to what they were on Monday and tells me where to be careful if this thing drops to 2282 and then 2181, that's my soft stop. It's time to reexamine my long call spread and decide if I want to stay in or make a modification to it or just close the trade if it breaks below these support levels that the chart AI has signified as important to me. Alright, so I went ahead and did this trade. It's up a couple of dollars, it was up a couple more before yesterday, came back a little today.

I'm still in the position. I've got time, 30 DTE next earnings, which I always check before I take a trade even though it's not verified is not until August 29, so I don't have to worry about the earnings event. Back to pattern finder, when I look at before this AI component came along, I start with the three month chart just to see how it looks in the short term. And to me, this is just a wide congestion area. I then look

at the 18 month, I see some horizontal lines of support. I see this resistance line that's been broken, but I know nothing about charts. And then I settle on the nine month. I think that's near term enough for me usually and similar to the 18 month result. And that's the extent of how I use Pattern Finder. So I am not a good person to talk about pattern finder, but I leave everything on and that's how I used it in the past. I didn't attach that much significance to it until AI came along and told me what to pay attention to. So I find the ai, the chart AI analysis, extremely significant and that concludes my presentation on how I use Trade Machine and Pattern Finder.

Amanda Kelley (14:21):

Right Max, we don't have any questions in the chat right now, but if you have a question for Max or I, we can go over anything in Trade Machine. It doesn't have to be this, it was just a very highly requested session that we do. So we wanted to go ahead and get that out and show a couple ways that you can use those tools together. But if you have any other questions about trade machine, by all means drop them in the chat

Max Katz (14:47):

So we can let people leave before at least seven 30.

Amanda Kelley (14:51):

If there was a dividend event period, how would it affect a trade?

Max Katz (14:58):

It wouldn't affect it for me. I don't really pay attention to dividends, so I really don't let it bother me.

Amanda Kelley (15:04):

Oh, that's just a personal trading strategy.

Max Katz (15:07):

Yeah, yeah. No, no. Basically my personal choice. Yeah, absolutely.

Amanda Kelley (15:11):

Well that's what I'm saying. That's one of those that's kind of up for your personal interpretation. Some people I know do watch when dividends are happening and will get out of the trade. So

Max Katz (15:22):

Yeah, if I was short and didn't want to be assigned, then I'd be paying attention to when the dividend alert was. I guess I was a little flip about it. I don't pay attention to it. Yeah, I guess I have to consider the event for things like that if I don't want to be assigned or if I'm long shares and short calls and I get assigned on the short call and now I'm going to lose my stock and I now have a tax event, I guess I'd be paying attention to it for that reason as well. But in general, I look at the earnings event just to see what day that is and do I have enough days for trade? That's what I focus on.

Amanda Kelley (16:00):

Is it possible to save the AI analysis for reference if the trade is taken? So there's not a way to save it in Pattern Finder, but it is selectable, so you can highlight copy and paste and that's what I normally use is I

will copy and paste it. I know we've talked previously about keeping a trade log. I would just copy and paste it directly into my trade log with the trade that was taken and that way I have a reference point that I can look back on and pull up at any time.

Max Katz (16:33):

And what I do is I just write next to in my trade log, which is manual, those significant support points and resistance points that I showed when we were looking at it a couple of minutes ago.

Amanda Kelley (16:44):

All right. Do you have to be an annual subscriber from for the chart AI to be available? No. Any pattern finder subscriber does get access to the AI feature. Cool. All right. Hi Amanda. Your mic sounds so much better. I got new headphones. I hadn't realized Pattern Finder gave so much trade information. I recently received an offer from CML for stock screener. Are they related to pattern finder and trade machine as in sharing software and trade evaluations? So the stock screener is actually inside of Pattern Finder. That was the part that I showed first. We can actually, can you scroll down a little bit, max, since you're sharing and point out where the screener is,

Max Katz (17:27):

Stock screens, do you see it?

Amanda Kelley (17:28):

Yep, absolutely. So that's where you're going to find the stock screener. And although they're not directly connected, I just use two tabs to keep trade machine open and pattern finder to go back and forth between them. It looks like Max does the same thing we are talking about in the future. It possibly being something that we can have a single sign on set up, but right now they are going to be independent. All right, right now that's all I have in chat. Do you want to go ahead, I know you were going to share community.

Max Katz (18:02):

Something came up in community today about the trait on, I guess I could show this one first. Someone was asking in Community md, Nvidia or one other, one other stock, which one do people prefer for getting along? And it was a little commentary and I suggested to the trade machine user that he really should ask that question in CML Pro is there are more long-term investors in the CML PRO community and they may have some strong opinions. And then I received a personal alert for a MD one of the stocks that he was asking about, which is having earnings on July after the market closes. So I copied it and I sent the link in community and then I was looking at the alert and it has good results. It was originally just for a long call. I made a long call spread out of it and evaluated whether I was going to take the long 40, short 20 or long 30 short 10.

(19:06):

They both have pretty good results. Total return three oh total return three 18. I did one of each. But the key point that I wanted to highlight here is that there are no technical conditions yet. There's a back test. So what I want to highlight is you must always look at earnings handling. In this case there's custom earnings condition, which is why this alert appeared and it's active. And when you click on custom earnings, you'll see that you open it three days before the earnings event. In this case three trading, it's three trading days and you close it one day before the earnings event. I sometimes let it, if it's got an A

MC after market closes, I will let it run on the zero day of the earnings event as well. Alright, so I just want to highlight that the earnings is July 30th. We're using seven DTE options. So it's slightly after the earnings event. And even though there were no conditions here, we must always pay attention to the earnings handling when we're looking at a back test. So that's why I wanted to mention that

Amanda Kelley ([20:18](#)):

That was a really good call out. That's one of probably the most common questions that we get to support when people are unsure of why an alert has triggered is that it's specifically to an earnings event.

Max Katz ([20:30](#)):

There you go. Good call. Okay. The other thing I wanted to show, and I've talked about this before, is someone in community at a personal alert for TTD and earnings are August 8th after market closes and wanted to know what the community of this personal alert and it is a long call diagonal as we can see here, 14 day long, 40 delta, seven day short to 20 delta. Alright, it has good results. So I looked at it now my training software loaded up in this case it's eight day and 15 day, that's the closest to 14 and seven. And I looked at closest to 40 delta, which was the 96 call in the Augie nine expiration. And then I looked at close to when I did this during the trading day I looked at closest to 20 delta TTD was a little higher. So then the 98 call was closest to 20 delta.

([21:31](#)):

And what I want to highlight is the strike width on this long call diagonal is only two points dollars. The debit for the trade is 360 7. That's a no go, that's a no trade. It's not even close to the width of the strikes. And I like it to be less than for a diagonal trade, whether calls or puts. I want the debit that I'm paying to be less than width of the strikes that I'm buying and selling. So this is only two points wide, this is 3.67 points. It's not a trade. So I went back and I got to go back to the other screen and created an alert that was just a long call spread for TTD 14 days to expiration. We're going to be opening it 14 days, which is today before the earnings closing. One day before earnings. The earnings are on August 8th, we're using an Augie nine options.

([22:29](#)):

So we're cool right before the earnings event or one day before the earnings event will close. At the long call spread, you'll see that it also has good results and I was able to put on a trade that was one third the width or less, one third the strike width or less for my long call spread. And that's what I went with. So I just wanted to highlight, even when you get a long call diagonal, you got to make sure that the you're paying is less than the width of the strikes. If it isn't, look at a long call, look at a long call spread. We'll move on to another alert.

Amanda Kelley ([23:06](#)):

We have another question for you. Can you explain how to use trade machine for day trading?

Max Katz ([23:13](#)):

You can't use zero DTE options currently. I know there's been some talk about implementing some zero day same day trading, but I'm not aware of anything concrete or a schedule. I don't know if Amanda knows or is allowed to talk about it.

Amanda Kelley ([23:30](#)):

There's nothing concrete that I can share. It's definitely still something that's being discussed and evaluated based on feedback that we're getting and

Max Katz (23:40):
Right. Right. So what I developed, this is just personal alert, I guess I can show it.

Amanda Kelley (23:47):
Yeah, of course. That's what I left it for you to answer. I knew you had your own method that you've been using to kind of work with similar to A zero DTE, close to

Max Katz (23:57):
Yes. So 1D TE trade and let's see, alright, this is a version of it and

Amanda Kelley (24:03):
While he's pointed up, the reason for that is that trade machine uses end of day pricing for all entries and exits. So you can't open and close a position on the same day and trade machine.

Max Katz (24:15):
Yeah. So is I don't use it for IWM or rut because at the time that I created it, they didn't have daily expirations Monday through Friday recently they've implemented that, but as far as I'm concerned, there's not enough history. So I told everyone in community that I no longer look at IWM or RUT, but I do look at SPY and SPX when I get those alerts and basically it's using 1D TE options and if the stock is down more than half a percent during that trading day and the RSI two is greater than 30, then I will towards the end of the day, towards the end of that one day I will put on either a short condor, which is selling the 15 delta call and put and buying the five delta call and put, or more likely I have a separate back test for just the put side selling a 15 delta put buying five delta put.

(25:20):
Alright. But you'll see that it has pretty good results. And what I did not do is when I'm looking at my 1D TE trades, I like to only look at the last year because I believe it's a lot more relevant just the last year of the popularity of people using zero and 1D TE options. But I didn't make this current, so I went just the last year you'll see there've been six occurrences, so not as many but there, they've all been winners in both the SPY and the S-P-X-S-P-X is approximately 10 times as large as a spy. That's why I include both.

Amanda Kelley (25:59):
And I don't know if this user is in community, but I know Max has shared this specific back test link in community before and I'm sure he'd be happy to do so again. Yeah,

Max Katz (26:10):
Reach

Amanda Kelley (26:10):
Out to me if it's something that you're interested in. If you're looking to ask Max a question, he is in the community every trading day, answering questions. So you can actually use AT and then chat Uncle Pops, that's his name in the community to tag him and he'll get a notification. It looks like he's slacking

and he's got three right now as it is. But he does get a notification of every time he's tagged so that he can answer your question. So if you go in there and just say at chat on pops, share that back test that you shared on live help and he will drop the link for you so you can save it for your own alerts.

Max Katz ([26:48](#)):

Right? And people have taken that and customized it so other community users will probably share their alerts as well.

Amanda Kelley ([26:56](#)):

Absolutely. That's the best part of community is that everybody just gets in there. You can probably find at least five or 10 different trades per day that people have made their own, not just today tab triggers or whatever. It's just that people have just customized to find the sweet spot and then they share it for everybody else,

Max Katz ([27:18](#)):

Right? Happens every day. All right. You can always ask questions in community. That's why I am there

Amanda Kelley ([27:30](#)):

Community or you can email support. We are always happy to help any way that we can. Whatever's most convenient for you. We have our next session on Tuesday afternoon during market hours, so we will see everybody then. I hope if you have any questions in the meantime, get into the community and ask or email support and we will get you taken care of. We really appreciate you being here with

Max Katz ([27:53](#)):

Us. Thank you everybody.

Amanda Kelley ([27:54](#)):

Have a good night. Bye.