
LIVE
MARKET
SEASONS
SEASONS

RISK DISCLOSURE

Trading and investing in stocks, options, or equities involves risk and is not suitable for all investors.

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Prior to buying or selling stocks, options, or equities a person must read copies of all the risks and disclosures which can be obtained by contacting your broker.

About Sasha Evdakov



- Started trading **years ago**... under my mom's account
- **Made some** and **lost** a bunch of money
- Had to learn with dial-up on 36k modems... by **phone, seminars, books,** ugh!
- Started **web design, graphic design, and wedding photography** business in college – sold those over **6 figures**
- Taught **karate** after college at nights, then said hey, I'll teach **stocks and investing**
- Coached **hundreds of people**, got a chance to mastermind with people, and see **lots of accounts** over the years

Why Do I Do This?



- Yes, the money is nice, but I enjoy the **challenge** of **trading**, really enjoy **patterns**, and I feel like it gave me a connection to the **big-boys**
- I enjoy **teaching** and working with **other people**.
- Quote from my karate instructor. "***Once I die, a piece of me will live on through you***"
- Personally, I love interacting with smart individuals like yourself

Get the Most Out of This Class!

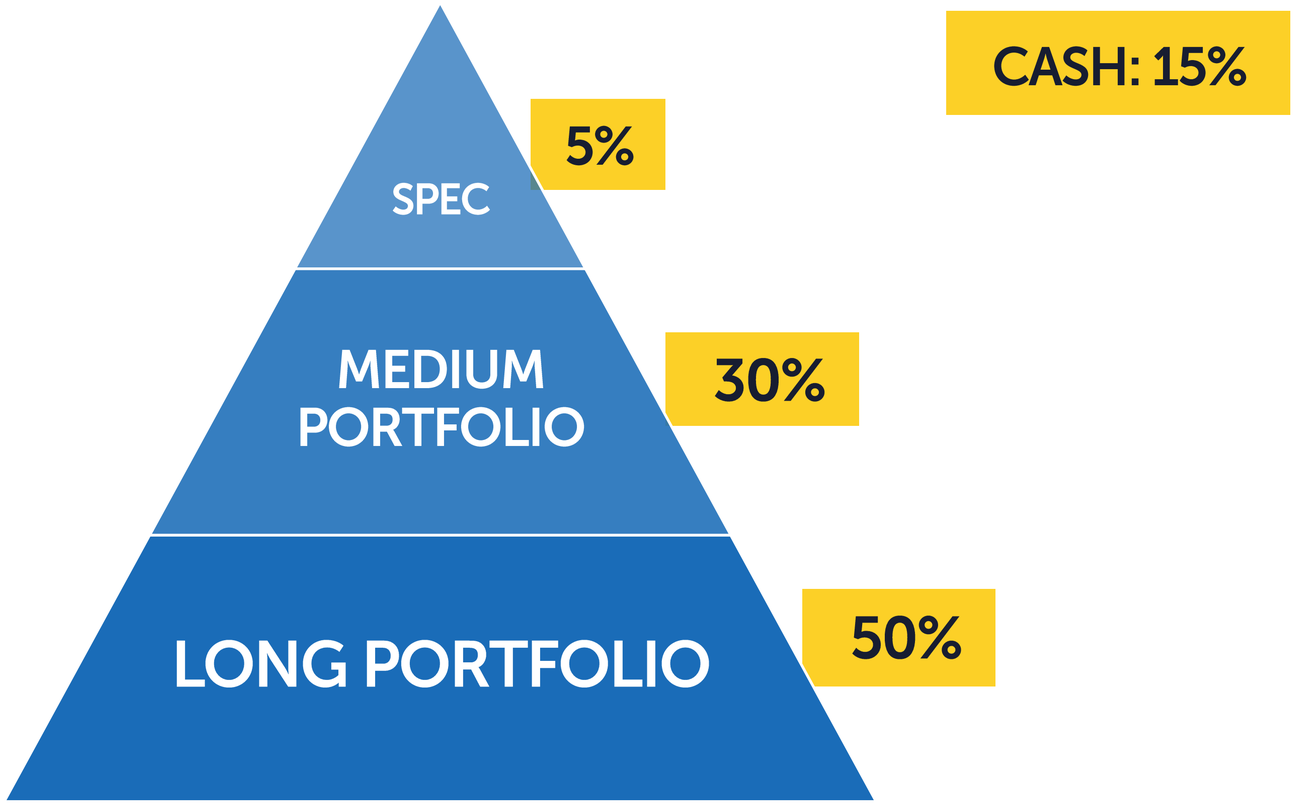
- Be patient and listen!
- Just **absorb and reflect**. You can visit the recording later if needed.
- Take note of the "**Ahhha Haaa**" moments and write those down, fully absorb them, and embrace them!
- **Grab the mic and ask questions**! If you don't ask questions, then you won't get a chance to fill the gap in your knowledge...



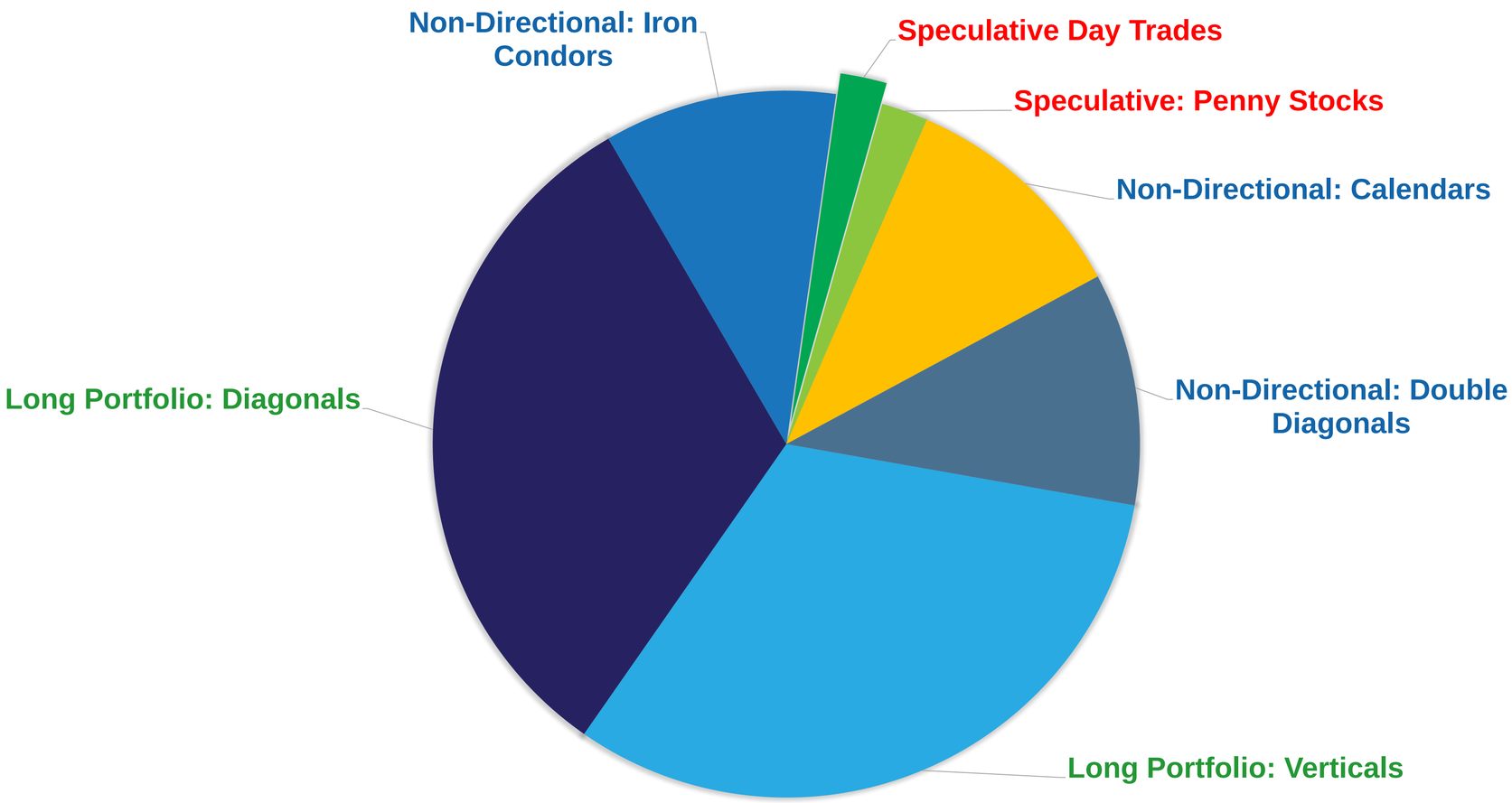
PORTFOLIO BREAKDOWN

WHERE DO ALL THESE STRATEGIES FIT?

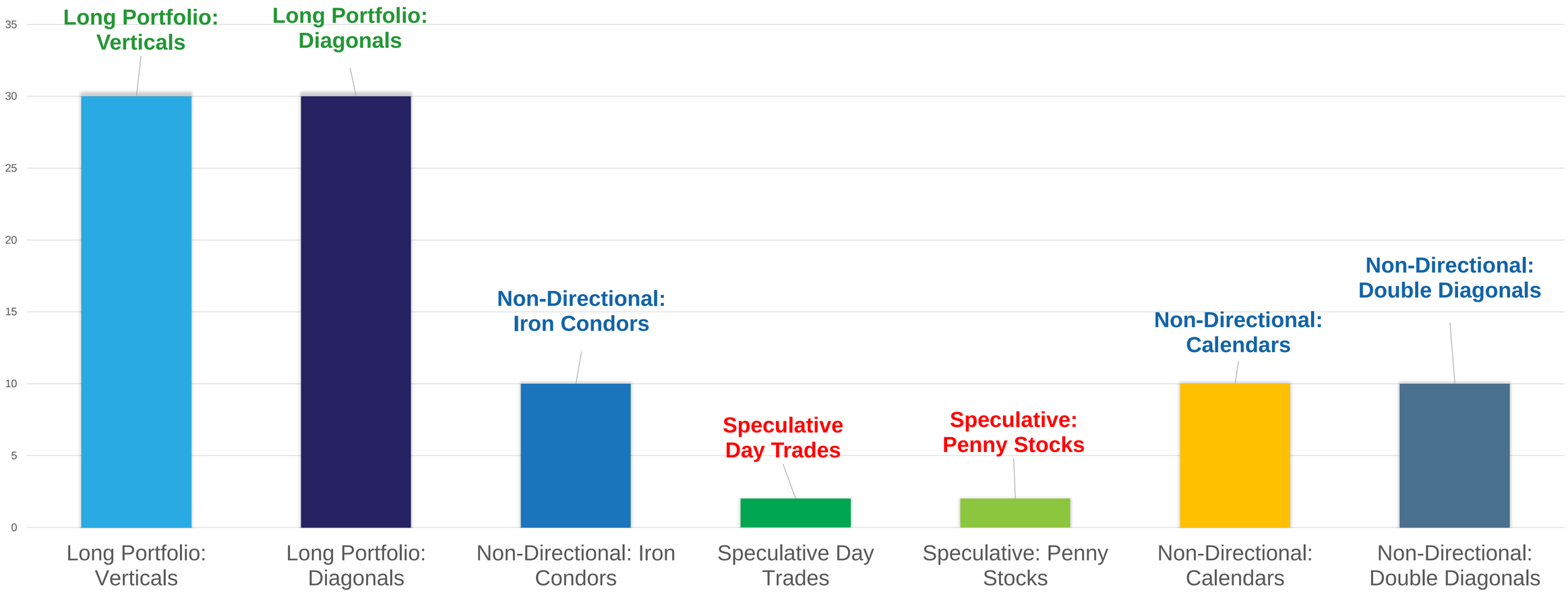
General Portfolio



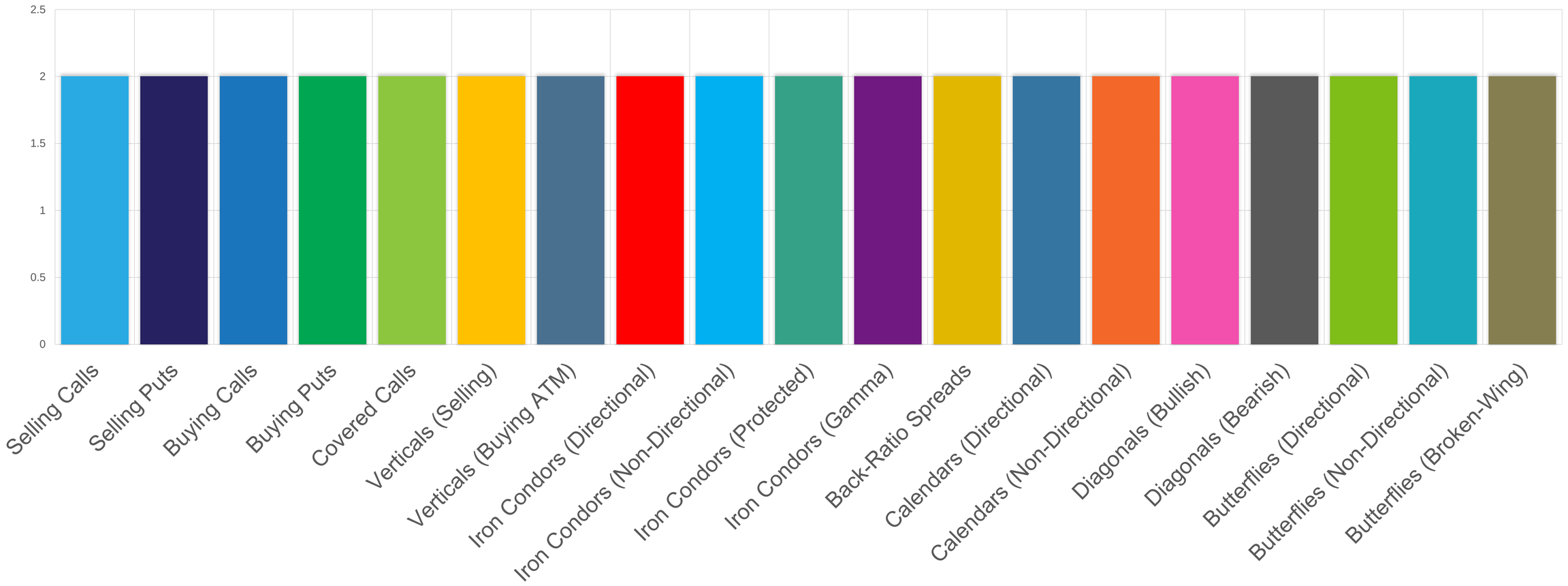
Like Pie Shapes?



Like Bar Charts?



What About Each Strategy?



QUESTIONS?

NORMAL UP-TRENDING GRINDING MARKET

How the Market Behaves



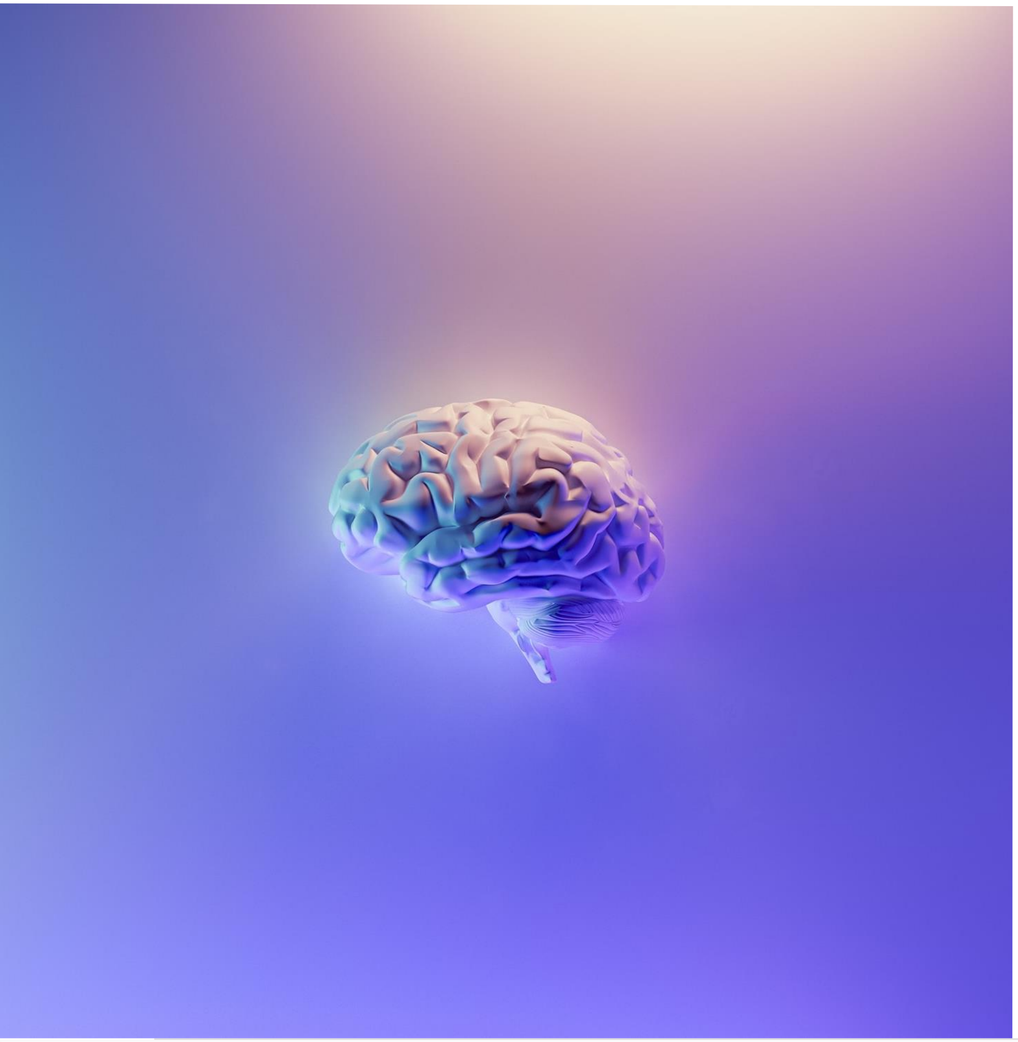
- The market is **grinding** to the **upside** and has more **green** than **red** days
- **Pull backs** are usually minor and **don't** last for a **long-time**
- There is some **selling pressure** in some stocks, but in general it is **isolated**
- A few **sectors or stocks** do extremely **well**, but the **rest of the market** is okay either with **sideways** action or **small pull backs**
- **Volatility** is under control
- **Pricing** is competitive and **bid-ask spreads** are tight

Technically Identify



- There are many ways to identify market conditions
- If we use basic technicals and a simple concept of **moving averages** we can get an idea in spotting this market condition
- Take the **10, 21, 34, 55, & 89 exponential moving averages**
- If the moving averages are **stacked** from **shortest** to **longest** duration (top to bottom) then you have a nice flow and the market is an **uptrend** in the **short**, **medium**, and **long** durations

The Mindset of these Markets



- **Most people** typically are **happy** with their investments
- **Average** investor is a **buy and hold** and wants to **buy on dips**
- There is a lot of **buy-the-dip mentality** which is not necessarily wrong
- For **cautious investors** the market seems **toppy**, but its actually a **normal market**
- Some people call for **stocks going to the moon**!
- Very **little fear** with a light or lower **vix**

What to Watch Out for



- Markets in **up-trending conditions** can eventually **get stretched**
- There can be **euphoria buying** and can last a **long time**
- We get **trained** that there is **never** going to be a **snow-storm**
- We get used to **trading the same way** and get **complacent**
- There is **not enough diversification** in the types of trades people do

How to Approach this Market



- Since the market **grinds up**, you want to have a **mix of trades** with a nice **balance**, but position towards the **bullish side**
- Include **long investments** (20-40%) with **theta** or **non-directional** trades (20-50%)
- Buy **PUTS** as needed when **volatility is low**
- Maybe leaning a bit more **positive deltas** as the market grinds up and **buying on dips**
- Could be mixing in some **positive vega** trades like **diagonals** if the volatility gets **too low**

Strategies Ideas

- **Selling PUTS** (stocks you want to own)
- Selling PUT **verticals**
- Bullish **diagonals**
- Bullish **butterflies**
- Buying **ATM call verticals** (50/50)
- Bullish **iron condors**



Protection Ideas

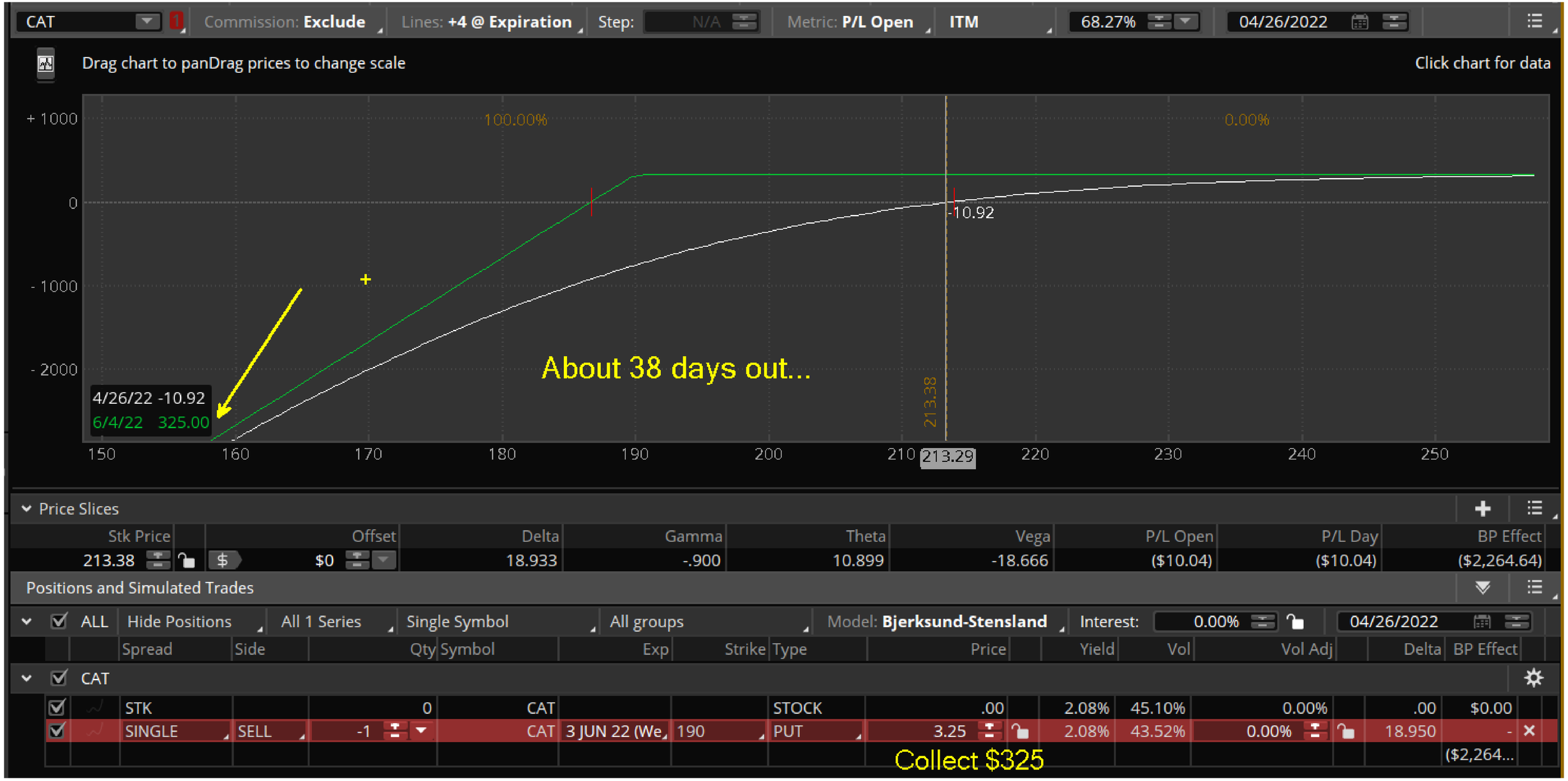


- **Reduce your size** as the market keeps heading **higher**, add on **pull-backs**
- Buying a single put (**longer-duration**)
- Sell additional **calls** (**shorter duration** as longer duration vega will work **against you**)
- **Mid-duration** bearish **diagonals** (14-25 DTE)
- **Back-ratio spreads** for some premium with **protection** if you are starting to get worried about the downside
- Adding **calendar** bombs (**30+ days**)

Strategy: Selling Puts



- Why **sell PUTS**? If stocks keep **grinding up**, it's tough to buy at **higher levels** constantly feeling like you missed the move
- **Selling** a **PUT** allows you to **state a price** you would buy the stock at a **lower level**
- By **selling** a **PUT** you get to **collect a premium** while waiting for the stock to come to your price
- This strategy is **expensive**, but a **fast premium** collection method


CAT
Commission: Exclude
Lines: +4 @ Expiration
Step: N/A
Metric: P/L Open
ITM
68.27%
04/26/2022
Drag chart to panDrag prices to change scale
Click chart for data
+ 1000
0
- 1000
- 2000
100.00%
0.00%
-10.92
About 38 days out...
4/26/22 -10.92
6/4/22 325.00
213.38
150
160
170
180
190
200
210
213.29
220
230
240
250
Price Slices
Stk Price
Offset
Delta
Gamma
Theta
Vega
P/L Open
P/L Day
BP Effect
213.38
$0
18.933
-.900
10.899
-18.666
($10.04)
($10.04)
($2,264.64)
Positions and Simulated Trades
ALL
Hide Positions
All 1 Series
Single Symbol
All groups
Model: Bjerksund-Stensland
Interest:
0.00%
04/26/2022
Spread
Side
Qty
Symbol
Exp
Strike
Type
Price
Yield
Vol
Vol Adj
Delta
BP Effect
CAT
STK
0
CAT
STOCK
.00
2.08%
45.10%
0.00%
.00
$0.00
SINGLE
SELL
-1
CAT
3 JUN 22 (We
190
PUT
3.25
2.08%
43.52%
0.00%
18.950
-
($2,264...
Collect $325

Selling Puts: Tips



- You can sell **shorter duration PUTS**, but you wont get as much **range** and any single pull back will force you to get the stock
- If you want the stock fast, sell **shorter duration puts** and **closer** to ATM
- If you are looking for an actual decent **pull back**, look at **5%** on the stock or go about **14-56** days out
- A delta of **15 to 25** is a nice sweet spot for premium against the chance of assignment
- **Longer** duration and a **wider** delta is nice to do as the stock keeps getting stretched

Strategy: Selling Put Verticals

- Why sell **PUT verticals?** It is similar to selling puts, but requires **less capital** and gives you an additional layer of **protection**
- Put verticals have a **defined risk**
- It allows you to spread smaller bits of capital a lot easier across different **expirations** and **strikes** making you more **diversified**



Selling Verticals: Tips



- Similar to selling single PUTS, **vertical puts** can work the same way
- You can sell a ton more **vertical PUTS** since you have **defined** your risk when buying the **extra leg**
- Watch out for **overlapping trades** when doing them in the same expiration
- Don’t widen the strikes too much or else they will function more like **a single put** – instead trade more contracts on different **expirations**, at different **times,** and different **strikes**

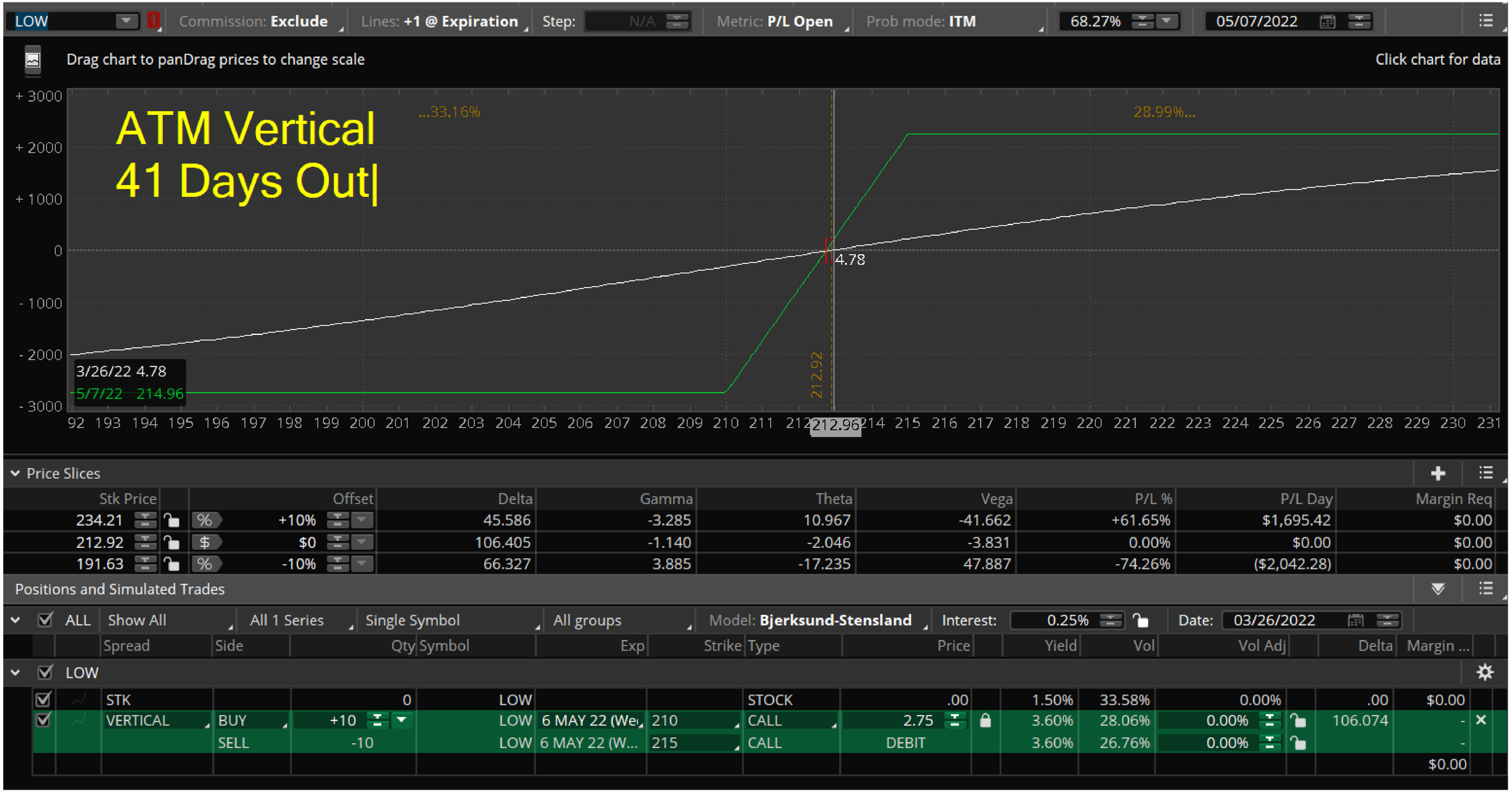
Strategy: ATM Verticals (50/50)



- Why buy **ATM Verticals**? They are spreads that eliminate a huge part of the **theta and vega** risk and they have a **1 to 1 risk** to reward

- You can **risk $100 to make $100** and this makes them favorable from evaluating the **risk to reward ratio** whereas an **iron condor** you might risk **8 to make 1**

- They are also great trades to where you can **set them and forget them** and/or setup simple GTC (Good-Till-Cancel) orders



Price Slices

Stk Price		Offset	Delta	Gamma	Theta	Vega	P/L %	P/L Day	Margin Req
234.21	%	+10%	45.586	-3.285	10.967	-41.662	+61.65%	$1,695.42	$0.00
212.92	$	$0	106.405	-1.140	-2.046	-3.831	0.00%	$0.00	$0.00
191.63	%	-10%	66.327	3.885	-17.235	47.887	-74.26%	($2,042.28)	$0.00

Positions and Simulated Trades

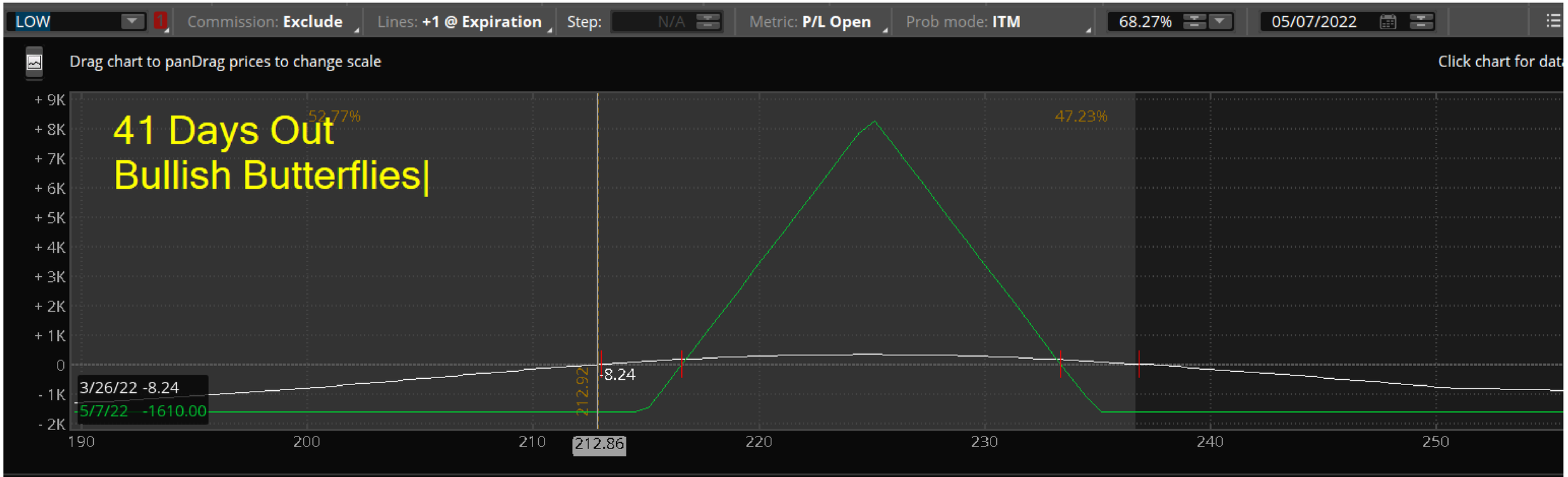
ALL | Show All | All 1 Series | Single Symbol | All groups | Model: **Bjerksund-Stensland** | Interest: 0.25% | Date: 03/26/2022

Spread	Side	Qty	Symbol	Exp	Strike	Type	Price	Yield	Vol	Vol Adj	Delta	Margin ...
LOW												
STK		0	LOW			STOCK	.00	1.50%	33.58%	0.00%	.00	$0.00
VERTICAL	BUY	+10	LOW	6 MAY 22 (We	210	CALL	2.75	3.60%	28.06%	0.00%	106.074	-
	SELL	-10	LOW	6 MAY 22 (W...	215	CALL	DEBIT	3.60%	26.76%	0.00%		-
												$0.00

Strategy: Bullish Butterflies



- Why buy **butterflies**? They are **cheaper** than selling PUTS or PUT verticals since they are **protected on both ends**
- In other words, it's a **cheaper** way to take a **bullish bet** with a smaller defined risk position
- You can make them **broken wing**, or balance them **out of the money** giving you some exposure to a **long position**



Price Slices

Stk Price	Offset	Delta	Gamma	Theta	Vega	P/L %	P/L Day	Margin Req
212.92	$0	53.084	-3.145	13.396	-41.227	-0.32%	($5.09)	$0.00

Positions and Simulated Trades

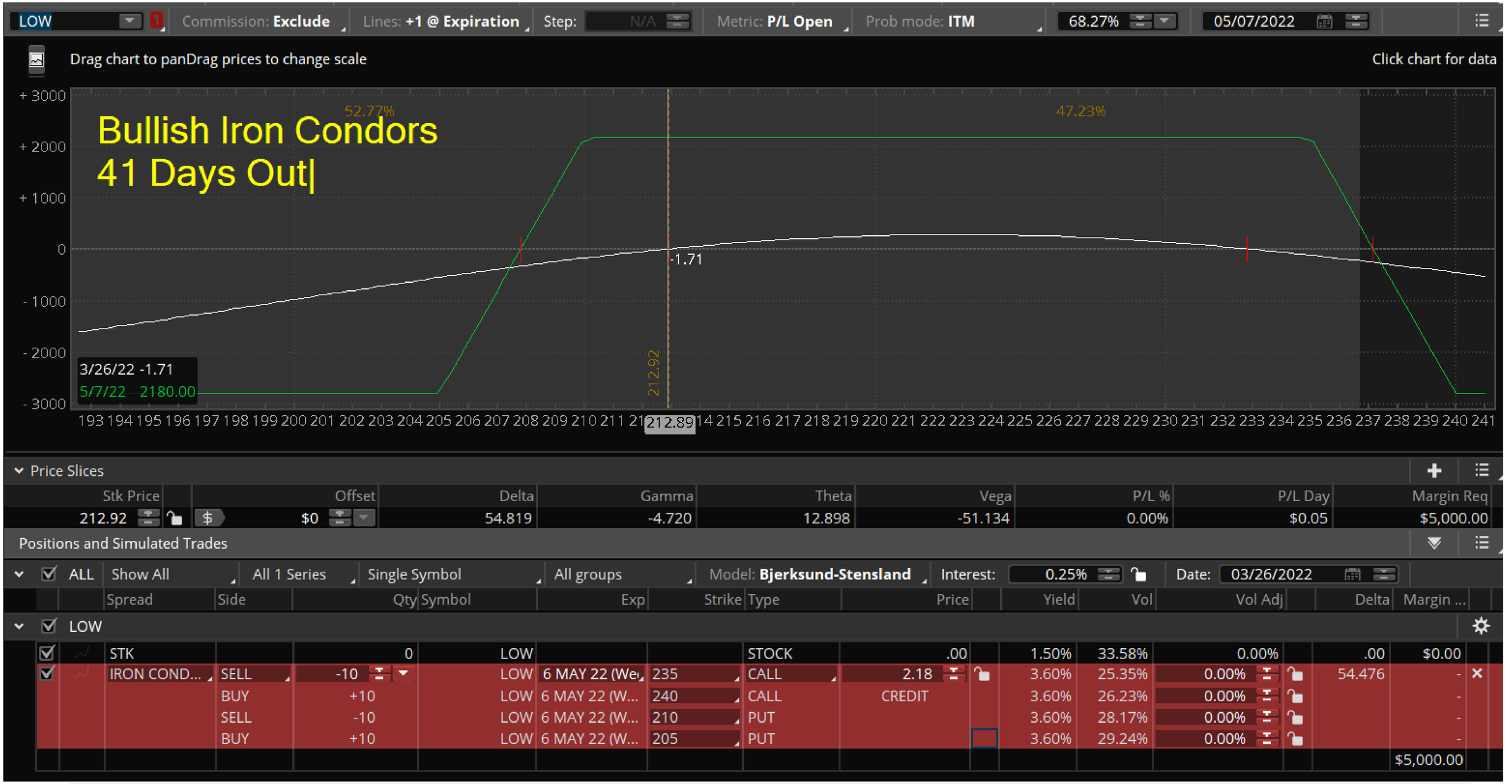
ALL | Show All | All 1 Series | Single Symbol | All groups | Model: **Bjerksund-Stensland** | Interest: 0.25% | Date: 03/26/2022

Spread	Side	Qty	Symbol	Exp	Strike	Type	Price	Yield	Vol	Vol Adj	Delta	Margin ...
LOW												
STK		0	LOW			STOCK	.00	1.50%	33.58%	0.00%	.00	$0.00
BUTTERFLY	BUY	+10	LOW	6 MAY 22 (We	215	CALL	1.61	3.60%	26.76%	0.00%	52.633	-
	SELL	-20	LOW	6 MAY 22 (W...	225	CALL	DEBIT	3.60%	26.19%	0.00%		-
	BUY	+10	LOW	6 MAY 22 (W...	235	CALL		3.60%	25.35%	0.00%		-
												$0.00

Strategy: Bullish Iron Condors



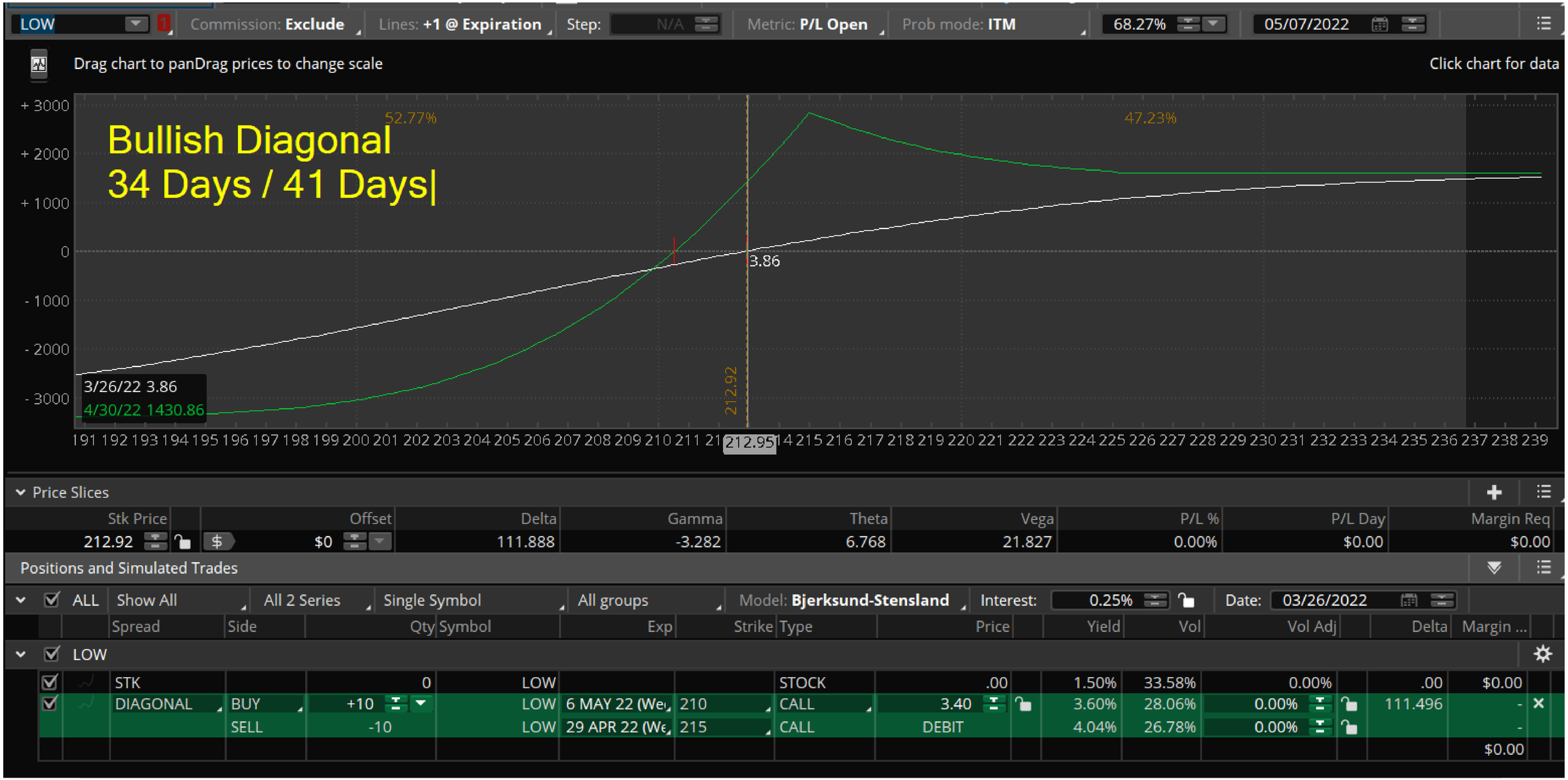
- Why buy **bullish condors**? Bullish condors are similar to butterflies, but they give you a **wider range**
- They are similar to normal **iron condors**, but they take into the account that the market is **trending higher**
- They are **positive theta** and **short vega** so it helps you on the **upside**
- Although you will need **more capital** than a butterfly, it is **less capital** than an ATM wide iron condor since you are putting a **directional bias** on it


LOW
Commission: Exclude
Lines: +1 @ Expiration
Step: N/A
Metric: P/L Open
Prob mode: ITM
68.27%
05/07/2022
Drag chart to panDrag prices to change scale
Click chart for data
Bullish Iron Condors
41 Days Out|
52.77%
47.23%
-1.71
212.92
212.89
3/26/22 -1.71
5/7/22 2180.00
+ 3000
+ 2000
+ 1000
0
- 1000
- 2000
- 3000
193 194 195 196 197 198 199 200 201 202 203 204 205 206 207 208 209 210 211 214 215 216 217 218 219 220 221 222 223 224 225 226 227 228 229 230 231 232 233 234 235 236 237 238 239 240 241
Price Slices
Stk Price 212.92
Offset $0
Delta 54.819
Gamma -4.720
Theta 12.898
Vega -51.134
P/L % 0.00%
P/L Day $0.05
Margin Req $5,000.00
Positions and Simulated Trades
ALL
Show All
All 1 Series
Single Symbol
All groups
Model: Bjerksund-Stensland
Interest: 0.25%
Date: 03/26/2022
Spread Side Qty Symbol Exp Strike Type Price Yield Vol Vol Adj Delta Margin ...
LOW
STK 0 LOW STOCK .00 1.50% 33.58% 0.00% .00 $0.00
IRON COND... SELL -10 LOW 6 MAY 22 (We 235 CALL 2.18 3.60% 25.35% 0.00% 54.476 -
BUY +10 LOW 6 MAY 22 (W... 240 CALL CREDIT 3.60% 26.23% 0.00% -
SELL -10 LOW 6 MAY 22 (W... 210 PUT 3.60% 28.17% 0.00% -
BUY +10 LOW 6 MAY 22 (W... 205 PUT 3.60% 29.24% 0.00% -
$5,000.00

Strategy: Bullish Diagonals

- Why buy diagonals? **Diagonals** are great **positive vega** trades and they can be a covered call **alternative**
- Diagonals are **cheaper** than stock covered calls
- Since options are a **leveraged tool**, trade **less deltas** than you would on a covered call (or less capital)
- You can reduce your **short vega exposure** with diagonals as it gives you a **positive vega**
- From a vega perspective, diagonals hurt you less when the stock **pulls back** compared to selling put verticals, iron condors, or butterflies




LOW
Commission: Exclude
Lines: +1 @ Expiration
Step: N/A
Metric: P/L Open
Prob mode: ITM
68.27%
05/07/2022
Drag chart to panDrag prices to change scale
Click chart for data
Bullish Diagonal
34 Days / 41 Days|
52.77%
47.23%
3.86
212.92
3/26/22 3.86
4/30/22 1430.86
+ 3000
+ 2000
+ 1000
0
- 1000
- 2000
- 3000
191 192 193 194 195 196 197 198 199 200 201 202 203 204 205 206 207 208 209 210 211 212.95 214 215 216 217 218 219 220 221 222 223 224 225 226 227 228 229 230 231 232 233 234 235 236 237 238 239
Price Slices
Stk Price 212.92
Offset $0
Delta 111.888
Gamma -3.282
Theta 6.768
Vega 21.827
P/L % 0.00%
P/L Day $0.00
Margin Req $0.00
Positions and Simulated Trades
ALL
Show All
All 2 Series
Single Symbol
All groups
Model: Bjerksund-Stensland
Interest: 0.25%
Date: 03/26/2022
Spread Side Qty Symbol Exp Strike Type Price Yield Vol Vol Adj Delta Margin ...
LOW
STK 0 LOW STOCK .00 1.50% 33.58% 0.00% .00 $0.00
DIAGONAL BUY +10 LOW 6 MAY 22 (We 210 CALL 3.40 3.60% 28.06% 0.00% 111.496 -
SELL -10 LOW 29 APR 22 (We 215 CALL DEBIT 4.04% 26.78% 0.00% -
$0.00

Strategy: Bullish Calendars



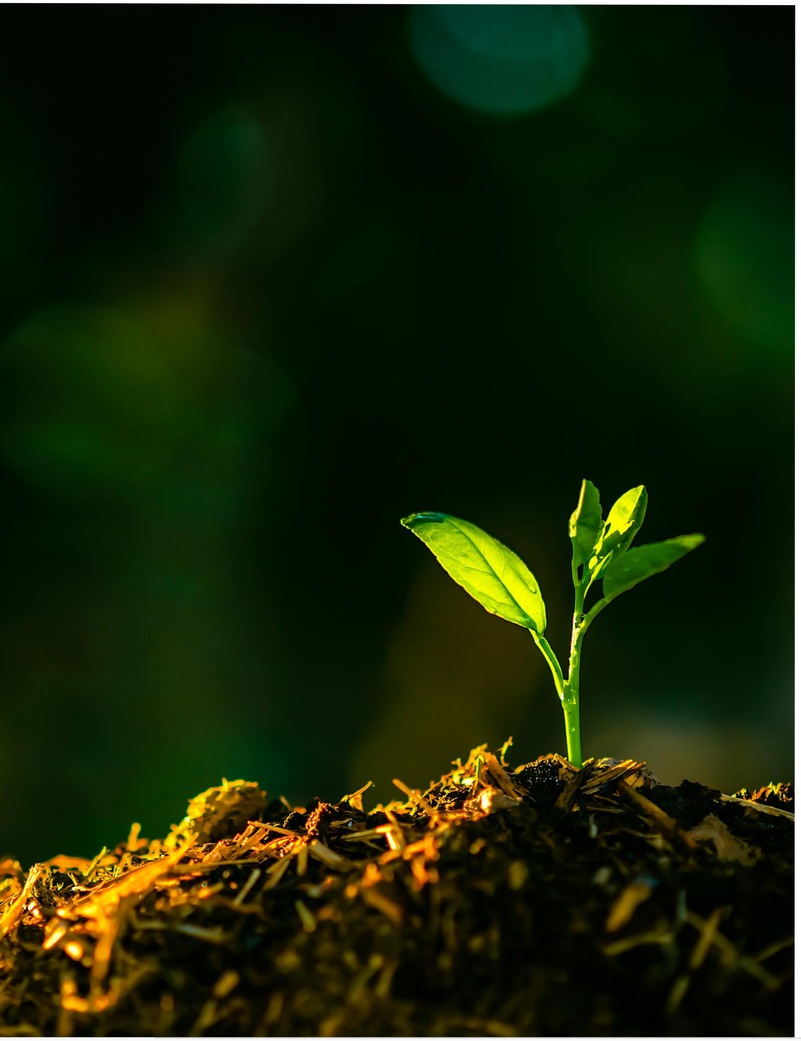
- Why **bullish calendars**? Just like diagonals, calendars have a huge **positive vega**
- If you are concerned about a **pull back** or a **big vega pop**, calendars could help with the vega
- The big issue with calendars is in a **rising market**, they have to be **bullish enough** to offset the **vega problem** you will have as the stock grinds up
- You can reduce the vega problem slightly by doing **shorter duration** calendars, but remember this increases **price risk**
- **Tip**: I often like calendars for **bearish moves** / bets as a hedge since you have vega and negative delta working in your favor

Protection: Buying a Single Put

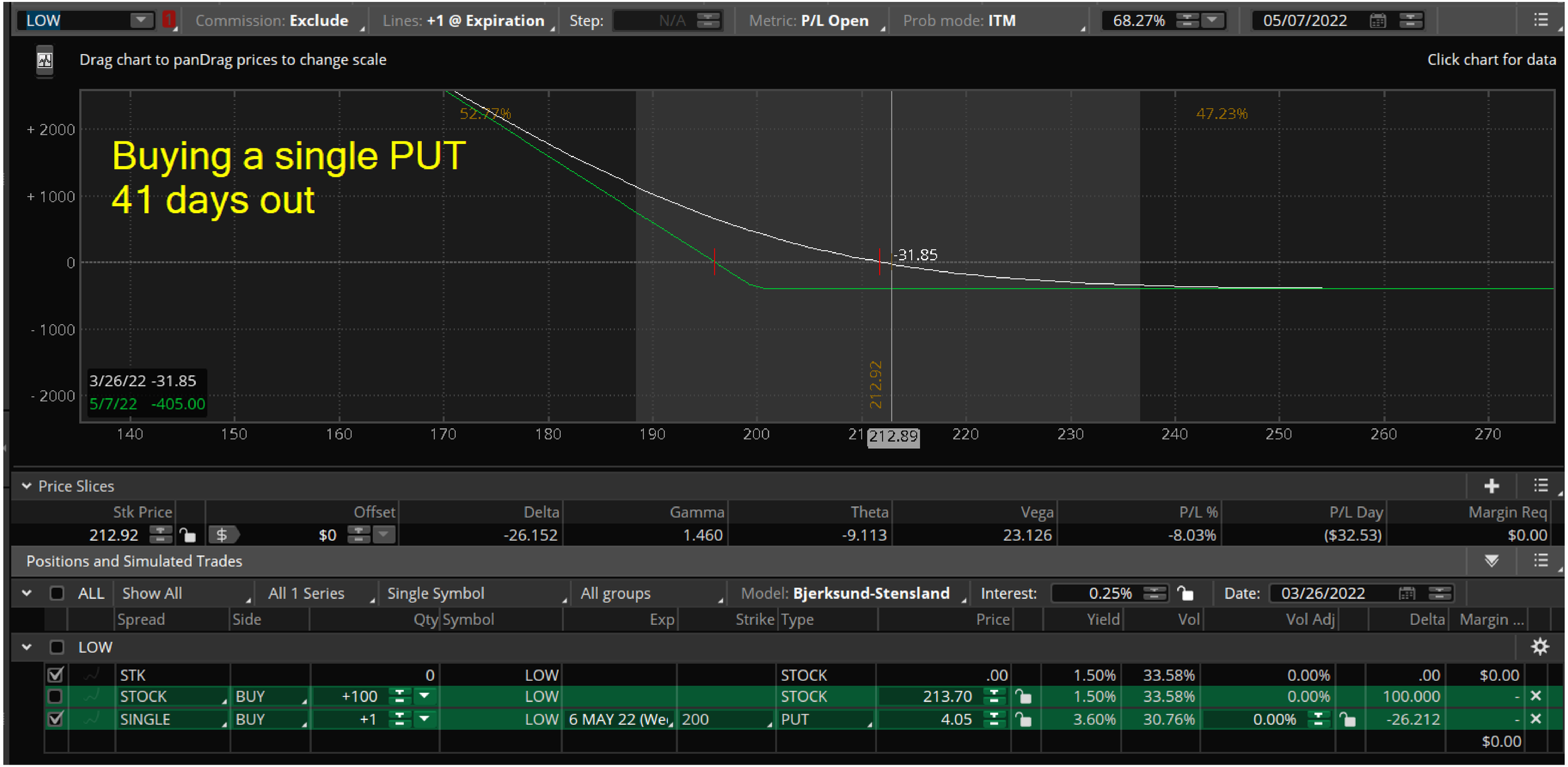


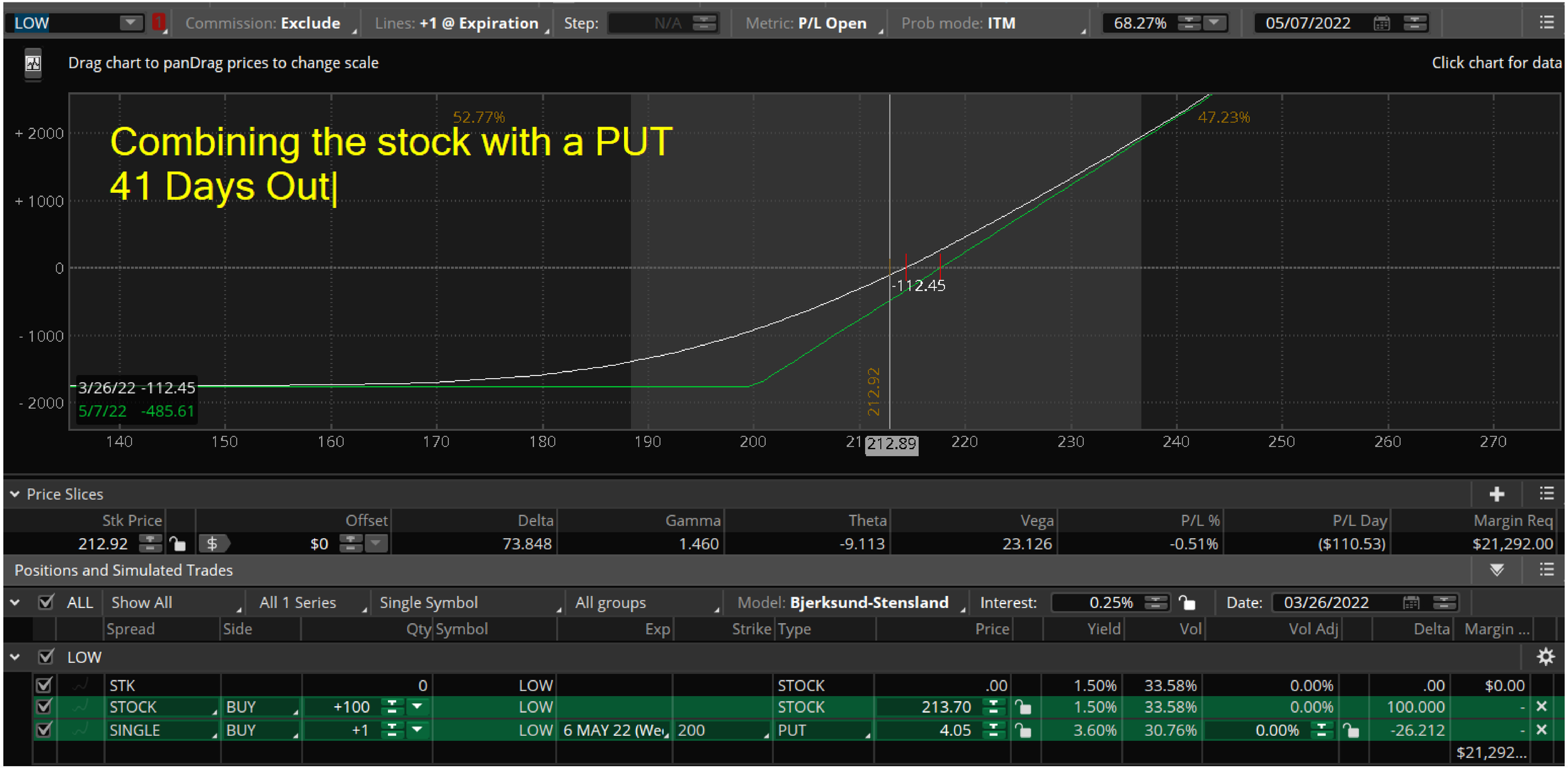
- Buying a **single PUT** can protect a nasty **down move**
- The problem is most people buy them when the market is already **tanking or down** quite a bit
- Buy your PUT when things look good, the **VIX is low**, and market is grinding higher
- Make sure to buy a PUT at least **25+ DTE** (days till expiration) **45+ DTE** for newer traders
- You will get **theta decay** and will still **lose money**, but you **won't** lose as bad when the move is nasty
- **For example**: losing $5,000 vs $1,500

Protection: Reduce Size



- Reducing **position size** in terms of shares or option contracts is the **easiest** way to **reduce risk**
- As the market continues to **grind higher**, you can take your **safe and profitable** positions and **close them**
- This helps **reduce** your total **bullish exposure** and delta
- Reduce position size when **things are good** – not when everyone is in a **panic** and dumping their inventory
- Wait for the next **opportunity** to enter after a reasonable **pullback**


LOW
Commission: Exclude
Lines: +1 @ Expiration
Step: N/A
Metric: P/L Open
Prob mode: ITM
68.27%
05/07/2022
Drag chart to panDrag prices to change scale
Click chart for data
Buying a single PUT
41 days out
52.77%
47.23%
-31.85
212.92
212.89
3/26/22 -31.85
5/7/22 -405.00
+ 2000
+ 1000
0
- 1000
- 2000
140
150
160
170
180
190
200
220
230
240
250
260
270
Price Slices
Stk Price
Offset
Delta
Gamma
Theta
Vega
P/L %
P/L Day
Margin Req
212.92
$0
-26.152
1.460
-9.113
23.126
-8.03%
($32.53)
$0.00
Positions and Simulated Trades
ALL
Show All
All 1 Series
Single Symbol
All groups
Model: Bjerksund-Stensland
Interest: 0.25%
Date: 03/26/2022
Spread
Side
Qty
Symbol
Exp
Strike
Type
Price
Yield
Vol
Vol Adj
Delta
Margin ...
LOW
STK 0 LOW STOCK .00 1.50% 33.58% 0.00% .00 $0.00
STOCK BUY +100 LOW STOCK 213.70 1.50% 33.58% 0.00% 100.000 -
SINGLE BUY +1 LOW 6 MAY 22 (We 200 PUT 4.05 3.60% 30.76% 0.00% -26.212 -
$0.00


LOW
Commission: Exclude
Lines: +1 @ Expiration
Step: N/A
Metric: P/L Open
Prob mode: ITM
68.27%
05/07/2022
Drag chart to panDrag prices to change scale
Click chart for data
Combining the stock with a PUT
41 Days Out
52.77%
47.23%
+ 2000
+ 1000
0
- 1000
- 2000
-112.45
3/26/22 -112.45
5/7/22 -485.61
212.92
140
150
160
170
180
190
200
212.89
220
230
240
250
260
270
Price Slices
Stk Price
Offset
Delta
Gamma
Theta
Vega
P/L %
P/L Day
Margin Req
212.92
$
$0
73.848
1.460
-9.113
23.126
-0.51%
($110.53)
$21,292.00
Positions and Simulated Trades
ALL
Show All
All 1 Series
Single Symbol
All groups
Model: Bjerksund-Stensland
Interest: 0.25%
Date: 03/26/2022
Spread
Side
Qty
Symbol
Exp
Strike
Type
Price
Yield
Vol
Vol Adj
Delta
Margin ...
LOW
STK 0 LOW STOCK .00 1.50% 33.58% 0.00% .00 $0.00
STOCK BUY +100 LOW STOCK 213.70 1.50% 33.58% 0.00% 100.000 -
SINGLE BUY +1 LOW 6 MAY 22 (We 200 PUT 4.05 3.60% 30.76% 0.00% -26.212 -
$21,292...

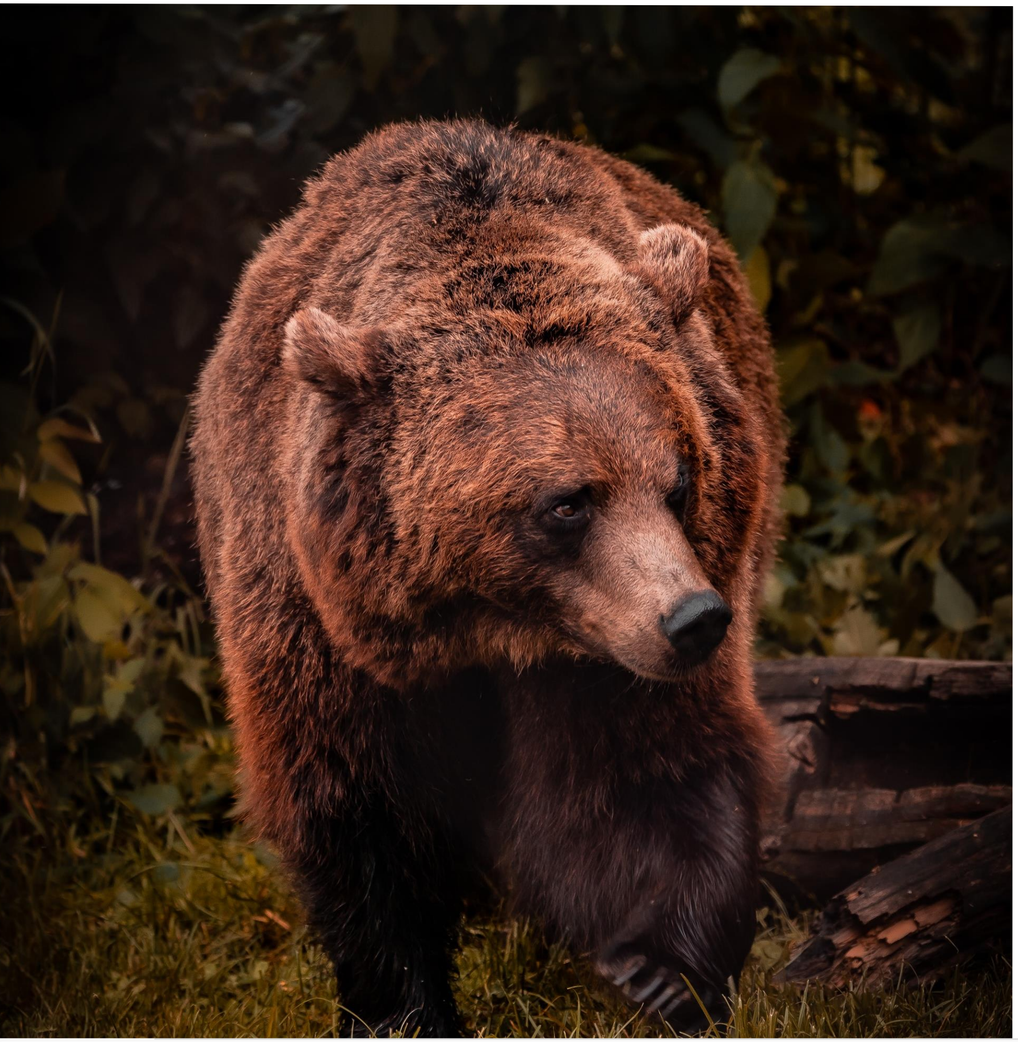
Protection: Sell Additional Calls



- **Selling additional calls** can be a good way to slowly start pairing your **long deltas**
- If you **sell calls**, careful you don't go too far in duration as a **longer duration call** with have **short vega**
- This means when the market **pulls back**, the premium you make will be **small or minimal** even from a nasty **downward move**
- The same applies to **selling vertical calls**


LOW
Commission: Exclude
Lines: +4 @ Expiration
Step: N/A
Metric: P/L Open
Prob mode: ITM
68.27%
05/07/2022
Drag chart to panDrag prices to change scale
Click chart for data
Selling Additional Calls to reduce
delta from 500 to 330
Between 14 to 45 days|
47.23%
+ 10K
0
- 10K
3/26/22
4/15/22
4/23/22
4/30/22
5/7/22
212.92
80
190
200
210
220
230
240
250
260
270
280
290
Price Slices
Stk Price
212.92
Offset
$0
Delta
330.100
Gamma
-13.761
Theta
55.253
Vega
-133.134
P/L %
-0.56%
P/L Day
($605.15)
Margin Req
$111,909.79
Positions and Simulated Trades
ALL
Show All
All 4 Series
Single Symbol
All groups
Model: Bjerksund-Stensland
Interest: 0.25%
Date: 03/26/2022
Spread
Side
Qty
Symbol
Exp
Strike
Type
Price
Yield
Vol
Vol Adj
Delta
Margin ...
LOW
STK 0 LOW STOCK .00 1.50% 33.58% 0.00% .00 $0.00
STOCK BUY +500 LOW STOCK 213.70 1.50% 33.58% 0.00% 500.000 -
SINGLE SELL -2 LOW 6 MAY 22 (We 230 CALL 1.43 3.60% 25.63% 0.00% -37.272 -
SINGLE SELL -2 LOW 29 APR 22 (We 225 CALL 1.92 4.04% 25.83% 0.00% -48.785 -
SINGLE SELL -2 LOW 22 APR 22 (We 220 CALL 2.70 5.20% 26.70% 0.00% -65.671 -
SINGLE SELL -1 LOW 14 APR 22 225 CALL 1.20 1.58% 26.85% 0.00% -18.893 -
$111,90...

Protection: Bearish Diagonals



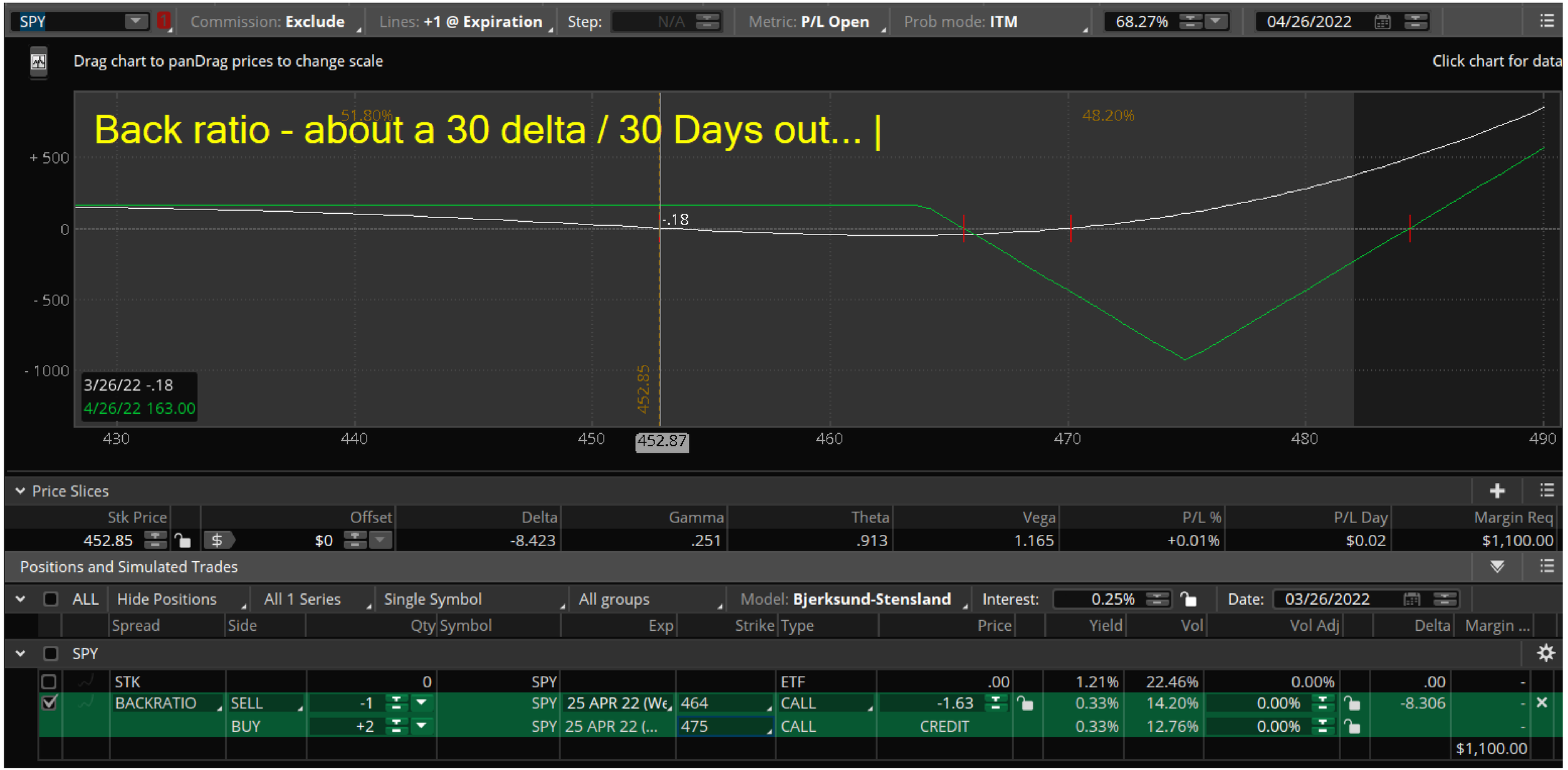
- A **bearish diagonal** can be nice from a **risk management** perspective
- It gives you **positive vega** and **negative delta** so this plays when in your favor when the market actually **pulls back**
- The **big issue** here is if the market keeps grinding up on you, these can be a bit more **problematic**
- If you trade them slightly **shorter duration**, the faster theta can help **offset** the grinding **price risk**
- **Tip:** it is nice to place these after a few **big up days**

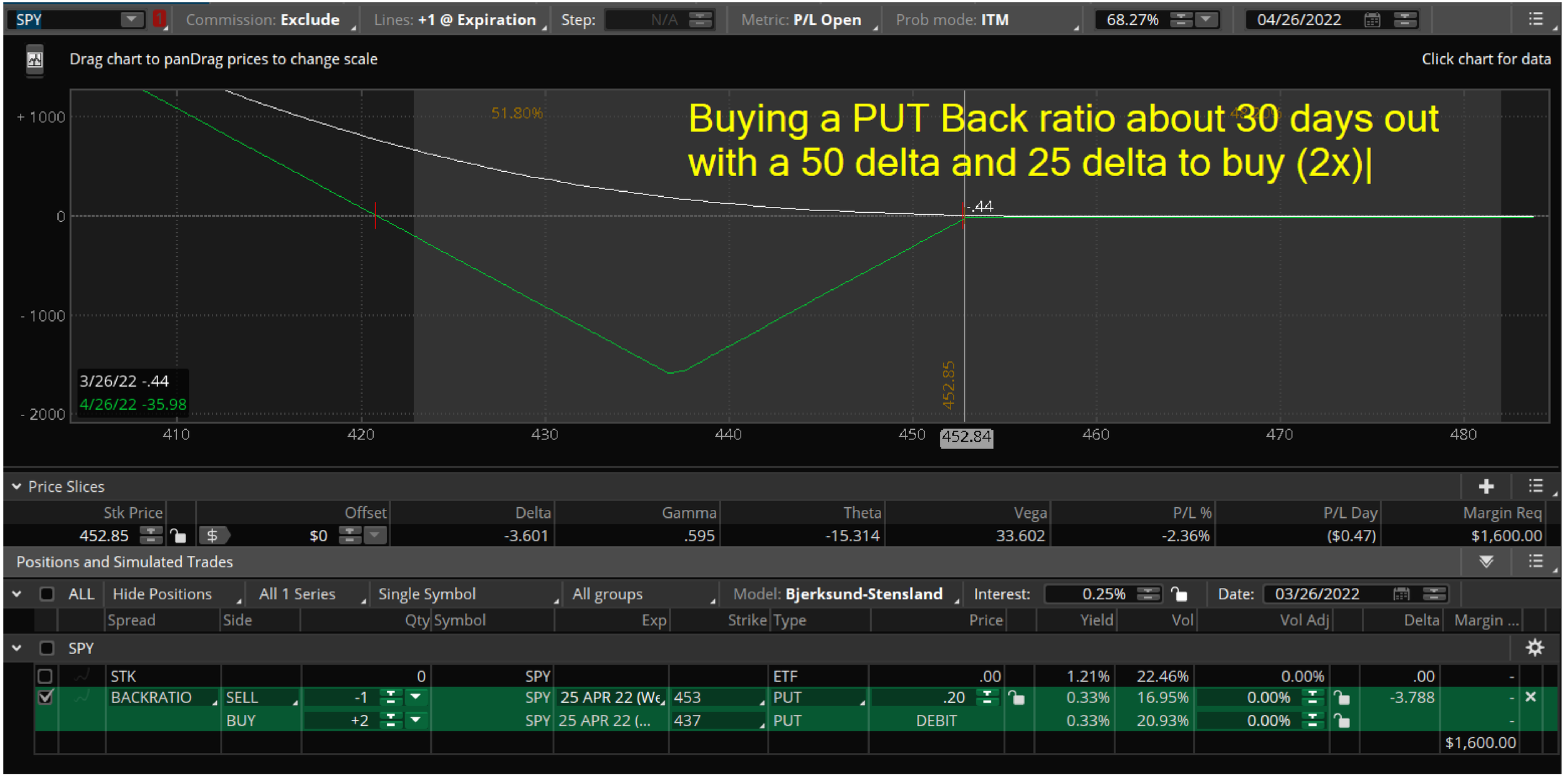

LOW
Commission: Exclude
Lines: +1 @ Expiration
Step: N/A
Metric: P/L Open
Prob mode: ITM
68.27%
05/07/2022
Drag chart to panDrag prices to change scale
Click chart for data
Bearish Diagonal
52.77%
47.23%
2.20
212.92
212.88
3/26/22 2.20
4/15/22 1079.71
+ 3000
+ 2000
+ 1000
0
- 1000
- 2000
- 3000
193 194 195 196 197 198 199 200 201 202 203 204 205 206 207 208 209 210 211 212 213 214 215 216 217 218 219 220 221 222 223 224 225 226 227 228 229 230 231 232 233 234
Price Slices
Stk Price
212.92
Offset
$0
Delta
-45.478
Gamma
-4.496
Theta
33.081
Vega
25.453
P/L %
+0.15%
P/L Day
$0.30
Margin Req
$2,500.00
Positions and Simulated Trades
ALL
Show All
All 2 Series
Single Symbol
All groups
Model: Bjerksund-Stensland
Interest: 0.25%
Date: 03/26/2022
Spread
Side
Qty
Symbol
Exp
Strike
Type
Price
Yield
Vol
Vol Adj
Delta
Margin ...
LOW
STK
0
LOW
STOCK
.00
1.50%
33.58%
0.00%
.00
$0.00
DIAGONAL
BUY
+10
LOW
22 APR 22 (We
220
CALL
-.20
5.20%
26.70%
0.00%
-45.579
-
SELL
-10
LOW
14 APR 22
217.5
CALL
CREDIT
1.58%
27.31%
0.00%
-
$2,500.00

Protection: Back-Ratios



- Similar to selling verticals, selling **back-ratio credit spreads** is a nice way to sell PUTS in a **protected way**
- Your **objective** is to **collect the credit**, but if the stock goes against you, the risk or pain is **limited**
- You can also sell these for a **downside move** where the credit you receive is **nearly nothing** or even at a **loss**
- However, the goal would be to cover **the tail end risk** that the market may have when it tanks in a big way

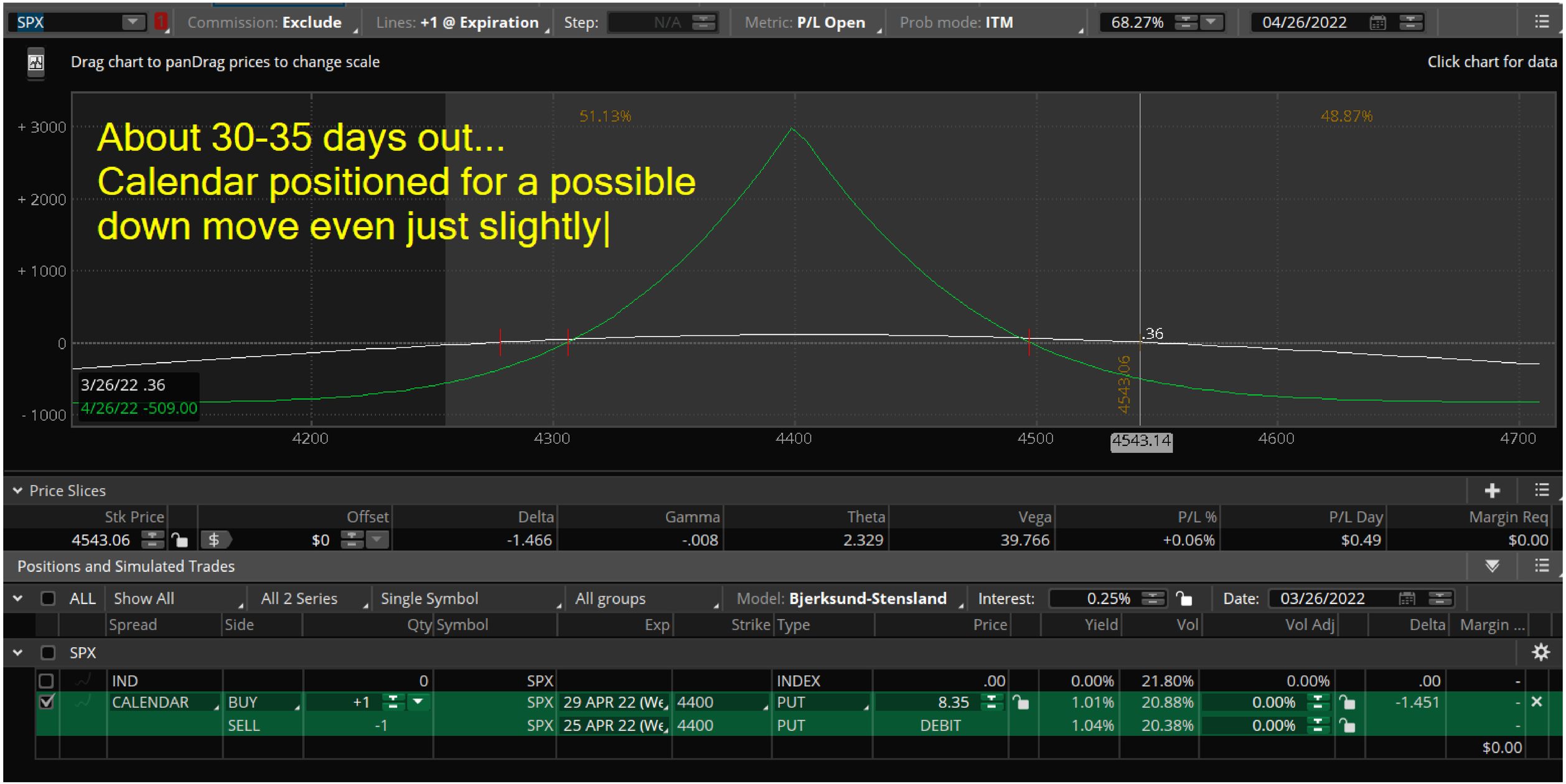

SPY
Commission: Exclude
Lines: +1 @ Expiration
Step: N/A
Metric: P/L Open
Prob mode: ITM
68.27%
04/26/2022
Drag chart to panDrag prices to change scale
Click chart for data
Back ratio - about a 30 delta / 30 Days out... |
51.80%
48.20%
-.18
+ 500
0
- 500
- 1000
3/26/22 -.18
4/26/22 163.00
452.85
430
440
450
452.87
460
470
480
490
Price Slices
Stk Price
Offset
Delta
Gamma
Theta
Vega
P/L %
P/L Day
Margin Req
452.85
$0
-8.423
.251
.913
1.165
+0.01%
$0.02
$1,100.00
Positions and Simulated Trades
ALL
Hide Positions
All 1 Series
Single Symbol
All groups
Model: Bjerksund-Stensland
Interest: 0.25%
Date: 03/26/2022
Spread
Side
Qty
Symbol
Exp
Strike
Type
Price
Yield
Vol
Vol Adj
Delta
Margin ...
SPY
STK
0
SPY
ETF
.00
1.21%
22.46%
0.00%
.00
BACKRATIO
SELL
-1
SPY
25 APR 22 (We
464
CALL
-1.63
0.33%
14.20%
0.00%
-8.306
BUY
+2
SPY
25 APR 22 (...
475
CALL
CREDIT
0.33%
12.76%
0.00%
$1,100.00


SPY
Commission: Exclude
Lines: +1 @ Expiration
Step: N/A
Metric: P/L Open
Prob mode: ITM
68.27%
04/26/2022
Drag chart to panDrag prices to change scale
Click chart for data
Buying a PUT Back ratio about 30 days out with a 50 delta and 25 delta to buy (2x)|
+ 1000
0
- 1000
- 2000
51.80%
-.44
3/26/22 -.44
4/26/22 -35.98
452.85
410
420
430
440
450
452.84
460
470
480
Price Slices
Stk Price
Offset
Delta
Gamma
Theta
Vega
P/L %
P/L Day
Margin Req
452.85
$0
-3.601
.595
-15.314
33.602
-2.36%
($0.47)
$1,600.00
Positions and Simulated Trades
ALL
Hide Positions
All 1 Series
Single Symbol
All groups
Model: Bjerksund-Stensland
Interest: 0.25%
Date: 03/26/2022
Spread
Side
Qty
Symbol
Exp
Strike
Type
Price
Yield
Vol
Vol Adj
Delta
Margin ...
SPY
STK
0
SPY
ETF
.00
1.21%
22.46%
0.00%
.00
-
BACKRATIO
SELL
-1
SPY
25 APR 22 (We
453
PUT
.20
0.33%
16.95%
0.00%
-3.788
-
BUY
+2
SPY
25 APR 22 (...
437
PUT
DEBIT
0.33%
20.93%
0.00%
-
$1,600.00

Protection: Calendar Bombs



- Calendars have a **strong vega** with **30+** days. Setting up a few bearish **PUT calendar** spreads **OTM** can give you some protection
- You can place **little bombs** at lower levels and if the stock pulls back you can **collect** some **premium** hedging many of your positions
- It works by giving you **negative delta** and **positive vega** and puffs up as the market sells off reducing some of the **short vega exposure**
- It doesn't protect you from **crazy panic moves**, but for general **pullbacks** it can give you a slight **hedge**


SPX
Commission: Exclude
Lines: +1 @ Expiration
Step: N/A
Metric: P/L Open
Prob mode: ITM
68.27%
04/26/2022
Drag chart to panDrag prices to change scale
Click chart for data
About 30-35 days out...
Calendar positioned for a possible
down move even just slightly|
51.13%
48.87%
+ 3000
+ 2000
+ 1000
0
- 1000
.36
4543.06
3/26/22 .36
4/26/22 -509.00
4200
4300
4400
4500
4543.14
4600
4700
Price Slices
Stk Price
Offset
Delta
Gamma
Theta
Vega
P/L %
P/L Day
Margin Req
4543.06
$0
-1.466
-.008
2.329
39.766
+0.06%
$0.49
$0.00
Positions and Simulated Trades
ALL
Show All
All 2 Series
Single Symbol
All groups
Model: Bjerksund-Stensland
Interest: 0.25%
Date: 03/26/2022
Spread
Side
Qty
Symbol
Exp
Strike
Type
Price
Yield
Vol
Vol Adj
Delta
Margin ...
SPX
IND
0
SPX
INDEX
.00
0.00%
21.80%
0.00%
.00
CALENDAR
BUY
+1
SPX
29 APR 22 (We
4400
PUT
8.35
1.01%
20.88%
0.00%
-1.451
SELL
-1
SPX
25 APR 22 (We
4400
PUT
DEBIT
1.04%
20.38%
0.00%
$0.00

QUESTIONS?

HANGING AT THE HIGHS

TOP HEAVY MARKET

How the Market Behaves



- The market is hanging out **near the highs**
- It still shrugs off major **selling pressure**
- It seems like it wants to **go higher**, but it **doesn't** push too strong
- It could be moving somewhat **sideways near the highs**
- It might feel like its **stalling** at times
- The **VIX** is often lower
- Things have been **good** for awhile

Technically Identify



- If we use basic technicals and a simple concept of **moving averages** we can get an idea in spotting this market condition
- First you have to have a recent up trend where the exponential moving averages such as the **10, 21, 34, 55, & 89** were previously stacked
- After that, the recent lines need to be more **tight**, **choppy**, **tangled**, **messy** or **sideways**
- You might see the **angle decreasing** on the longer-term moving averages like the **55** or **89**

The Mindset of these Markets



- Many people are still **happy** about the overall market
- **Greed** is still inside them thinking the market will go **higher**
- People **aren't too worried** about the **downside** as they made quite a bit of money
- **Protection** is usually passed off or not thought about
- There even might be a **feeling of boredom** where the market is not doing much or not moving up in your favor

What to Watch Out for



- **Watch out** that you don't get **complacent** at the **highs** when the market just had **a nice run**
- Make sure you **take profits** into strength and **reduce position sizes** if you are too big
- **Stay smaller** if the market moved up for awhile

How to Approach this Market

- **Slow down** your accumulation
- Start getting more **positive vega**
- Go **longer** duration for **positive vega** trades & **smaller** duration for **shorter vega** trades
- Watch your **downside risk**
- This is usually a great time to **buy protection** or hedges as it is **cheapest** and markets are toppy ready for a **pull-back**



Strategies Ideas

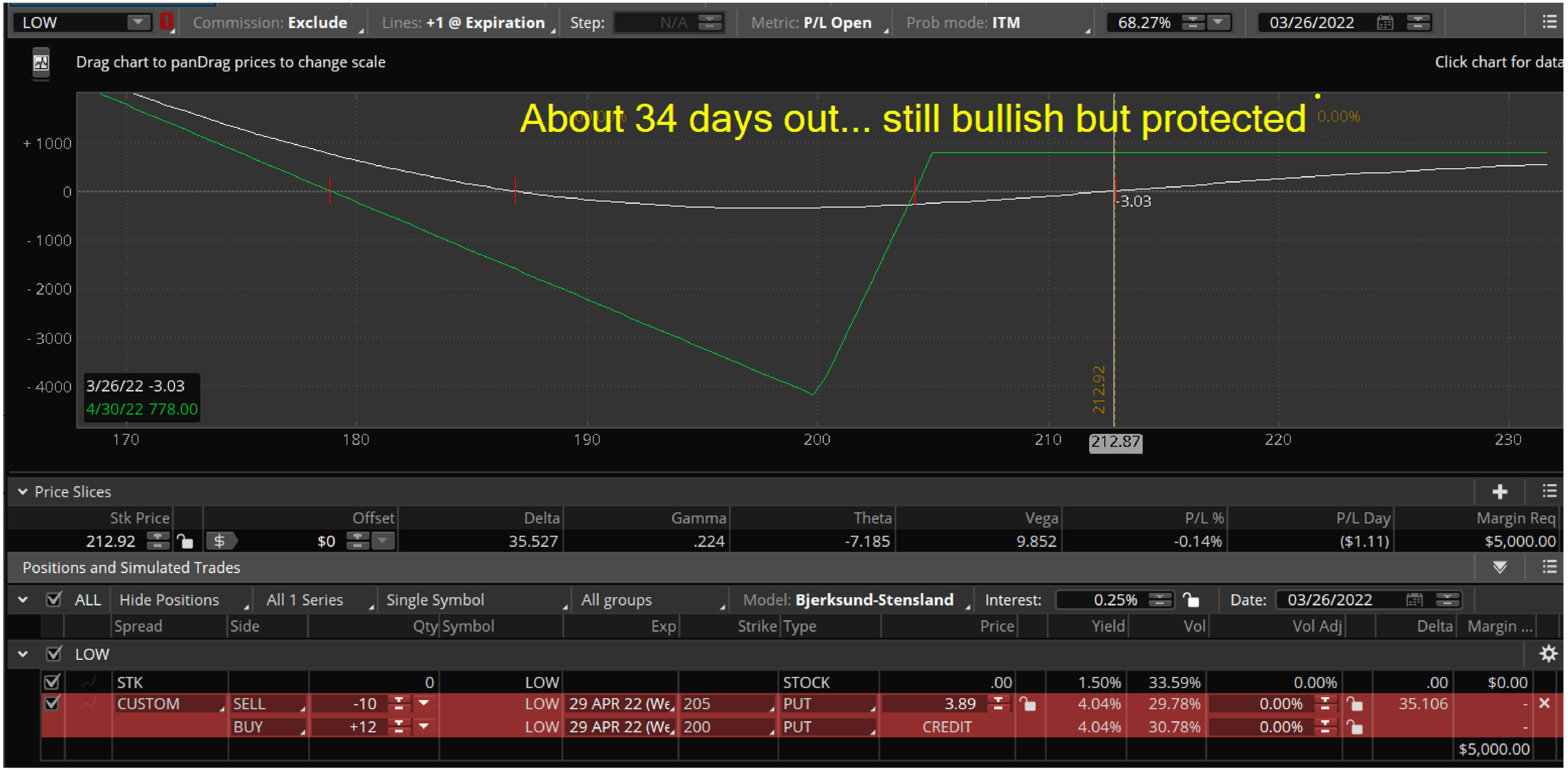


- Bullish **calendars**
- Bullish **diagonals**
- Strategies with **protection** such as a **diagonal** with an **extra put** (can do the same with verticals, butterflies, iron condors, etc)
- For example **back-ratio PUTS** (or protected put verticals)
- **Non-directional** trades that are safer such as **ITM diagonal** or iron condors with a tighter call side

Strategy: Protected Vertical



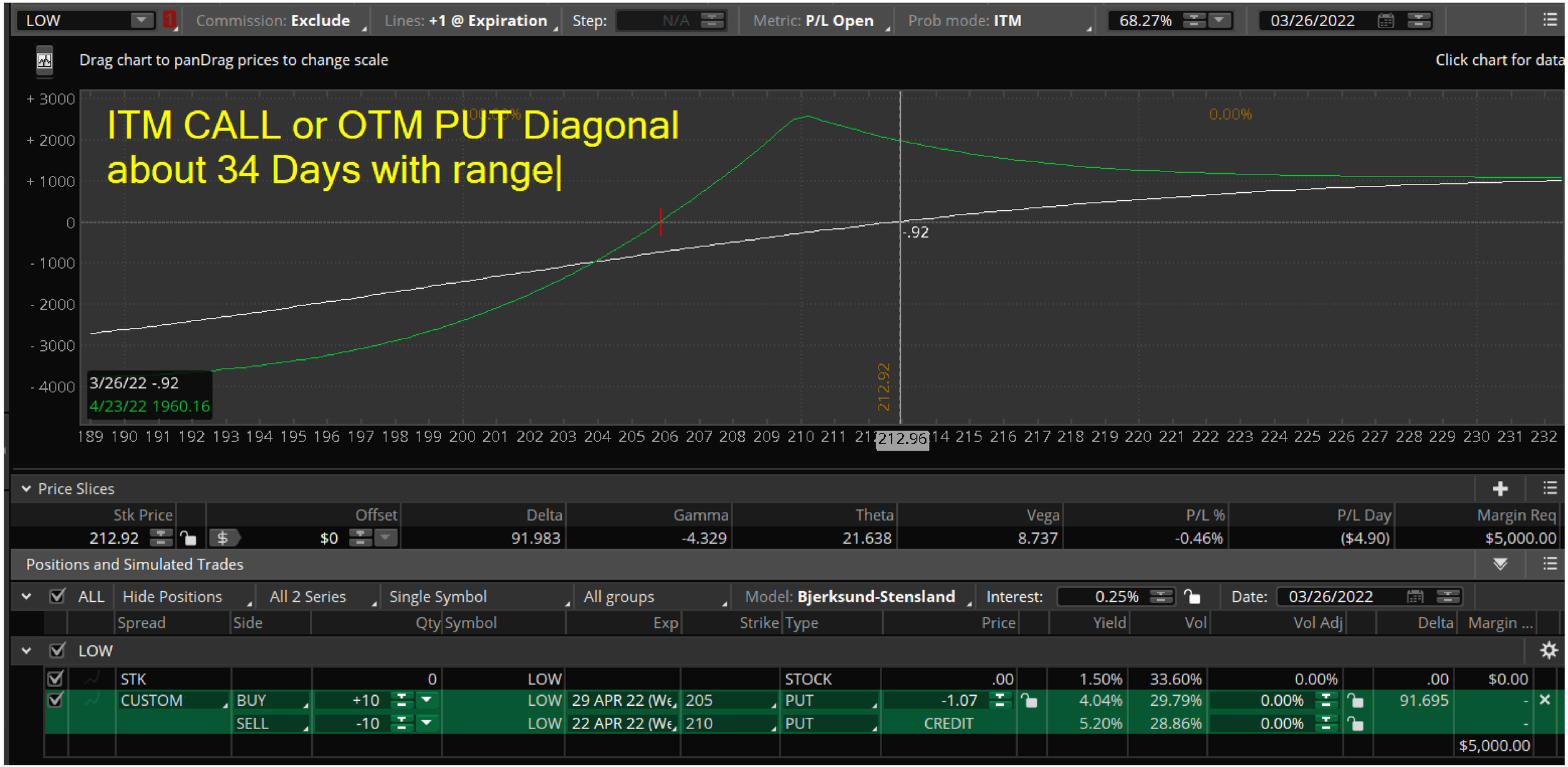
- Why **protected verticals**? Selling puts you are **short vega** and this can be a problem with a **high probability trade**
- If the stock goes **down**, you might be **risking 5 to 1**
- Instead, you can **sell stronger PUTS**, but add protection for the downside to smooth out the **tail-end risk**
- You can start slightly **negative theta**, but if the stock keeps going up, you are still making money, but if it goes down you **risked less**
- Great to do in a toppy market


LOW
Commission: Exclude
Lines: +1 @ Expiration
Step: N/A
Metric: P/L Open
Prob mode: ITM
68.27%
03/26/2022
Drag chart to panDrag prices to change scale
Click chart for data
About 34 days out... still bullish but protected
0.00%
+ 1000
0
- 1000
- 2000
- 3000
- 4000
-3.03
3/26/22 -3.03
4/30/22 778.00
212.92
170
180
190
200
210
212.87
220
230
Price Slices
Stk Price
Offset
Delta
Gamma
Theta
Vega
P/L %
P/L Day
Margin Req
212.92
$0
35.527
.224
-7.185
9.852
-0.14%
($1.11)
$5,000.00
Positions and Simulated Trades
ALL
Hide Positions
All 1 Series
Single Symbol
All groups
Model: Bjerksund-Stensland
Interest: 0.25%
Date: 03/26/2022
Spread
Side
Qty
Symbol
Exp
Strike
Type
Price
Yield
Vol
Vol Adj
Delta
Margin ...
LOW
STK
0
LOW
STOCK
.00
1.50%
33.59%
0.00%
.00
$0.00
CUSTOM
SELL
-10
LOW
29 APR 22 (We
205
PUT
3.89
4.04%
29.78%
0.00%
35.106
BUY
+12
LOW
29 APR 22 (We
200
PUT
CREDIT
4.04%
30.78%
0.00%
$5,000.00

Strategies: Bullish Diagonal



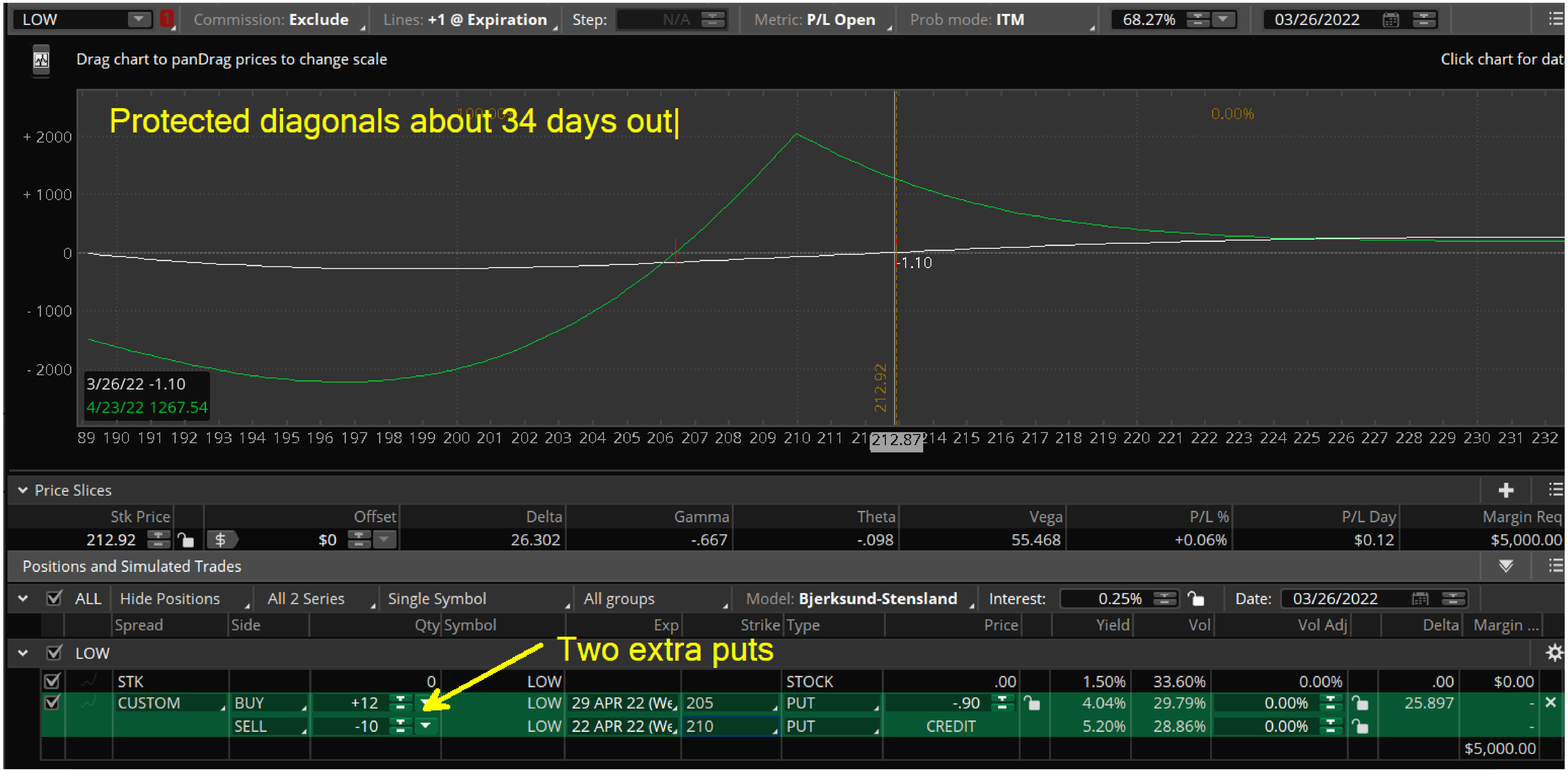
- Why Diagonals? Diagonals are a great **covered call alternative** with a **positive vega**
- You have a **low VIX** with a toppy market, which means you want to be a **buyer** of options and have more **positive vega**
- If stocks sell off, the positive vega will help you more than **selling vertical puts**
- You can tweak the rotation to be **less bullish** if you prefer or even **add protection** (more on this later)


LOW
Commission: Exclude
Lines: +1 @ Expiration
Step: N/A
Metric: P/L Open
Prob mode: ITM
68.27%
03/26/2022
Drag chart to panDrag prices to change scale
Click chart for data
ITM CALL or OTM PUT Diagonal
about 34 Days with range|
0.00%
-.92
3/26/22 -.92
4/23/22 1960.16
212.92
212.96
Price Slices
Stk Price 212.92
Offset $0
Delta 91.983
Gamma -4.329
Theta 21.638
Vega 8.737
P/L % -0.46%
P/L Day ($4.90)
Margin Req $5,000.00
Positions and Simulated Trades
ALL
Hide Positions
All 2 Series
Single Symbol
All groups
Model: Bjerksund-Stensland
Interest: 0.25%
Date: 03/26/2022
Spread Side Qty Symbol Exp Strike Type Price Yield Vol Vol Adj Delta Margin ...
LOW
STK 0 LOW STOCK .00 1.50% 33.60% 0.00% .00 $0.00
CUSTOM BUY +10 LOW 29 APR 22 (We 205 PUT -1.07 4.04% 29.79% 0.00% 91.695 -
SELL -10 LOW 22 APR 22 (We 210 PUT CREDIT 5.20% 28.86% 0.00% -
$5,000.00

Strategies: Protected Diagonal



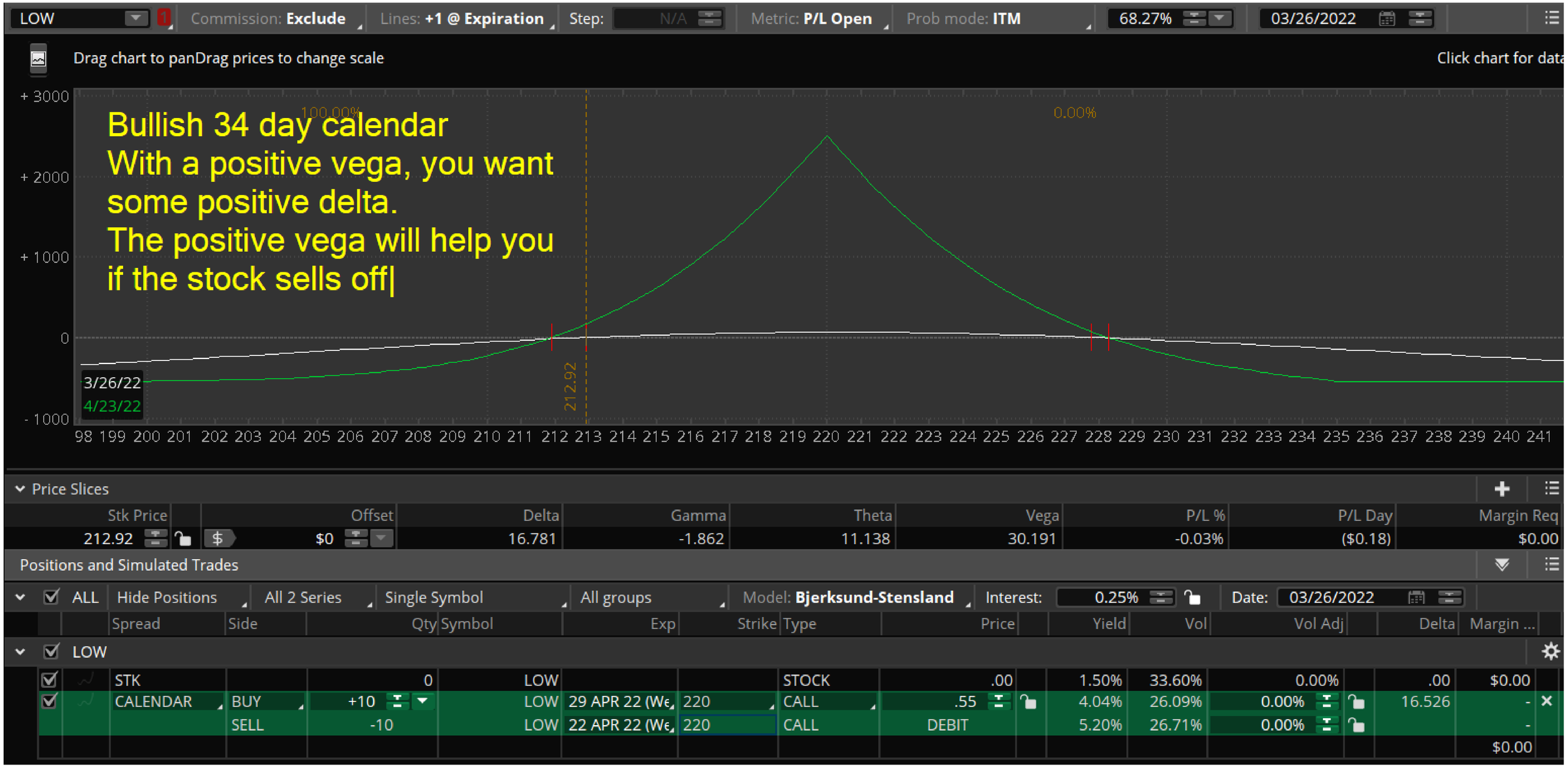
- Why protected diagonals? When you are **really scared** and shaking in your skin, but want to be exposed to an **upside move**, you may do so with protection
- You can buy a diagonal, but add an **extra put** to **round your risk** profile picture
- This helps **reduce your loss** if it goes against you
- However, you might start with a slight **negative theta** at the beginning, but smoother on the downside


LOW
Commission: Exclude
Lines: +1 @ Expiration
Step: N/A
Metric: P/L Open
Prob mode: ITM
68.27%
03/26/2022
Drag chart to panDrag prices to change scale
Click chart for dat
Protected diagonals about 34 days out
+ 2000
+ 1000
0
- 1000
- 2000
0.00%
-1.10
3/26/22 -1.10
4/23/22 1267.54
212.92
89 190 191 192 193 194 195 196 197 198 199 200 201 202 203 204 205 206 207 208 209 210 211 212.87 214 215 216 217 218 219 220 221 222 223 224 225 226 227 228 229 230 231 232
Price Slices
Stk Price 212.92
Offset $0
Delta 26.302
Gamma -.667
Theta -.098
Vega 55.468
P/L % +0.06%
P/L Day $0.12
Margin Req $5,000.00
Positions and Simulated Trades
ALL
Hide Positions
All 2 Series
Single Symbol
All groups
Model: Bjerksund-Stensland
Interest: 0.25%
Date: 03/26/2022
Spread Side Qty Symbol Exp Strike Type Price Yield Vol Vol Adj Delta Margin ...
LOW
Two extra puts
STK 0 LOW STOCK .00 1.50% 33.60% 0.00% .00 $0.00
CUSTOM BUY +12 LOW 29 APR 22 (We 205 PUT -.90 4.04% 29.79% 0.00% 25.897 -
SELL -10 LOW 22 APR 22 (We 210 PUT CREDIT 5.20% 28.86% 0.00% -
$5,000.00

Strategies: Bullish Calendar



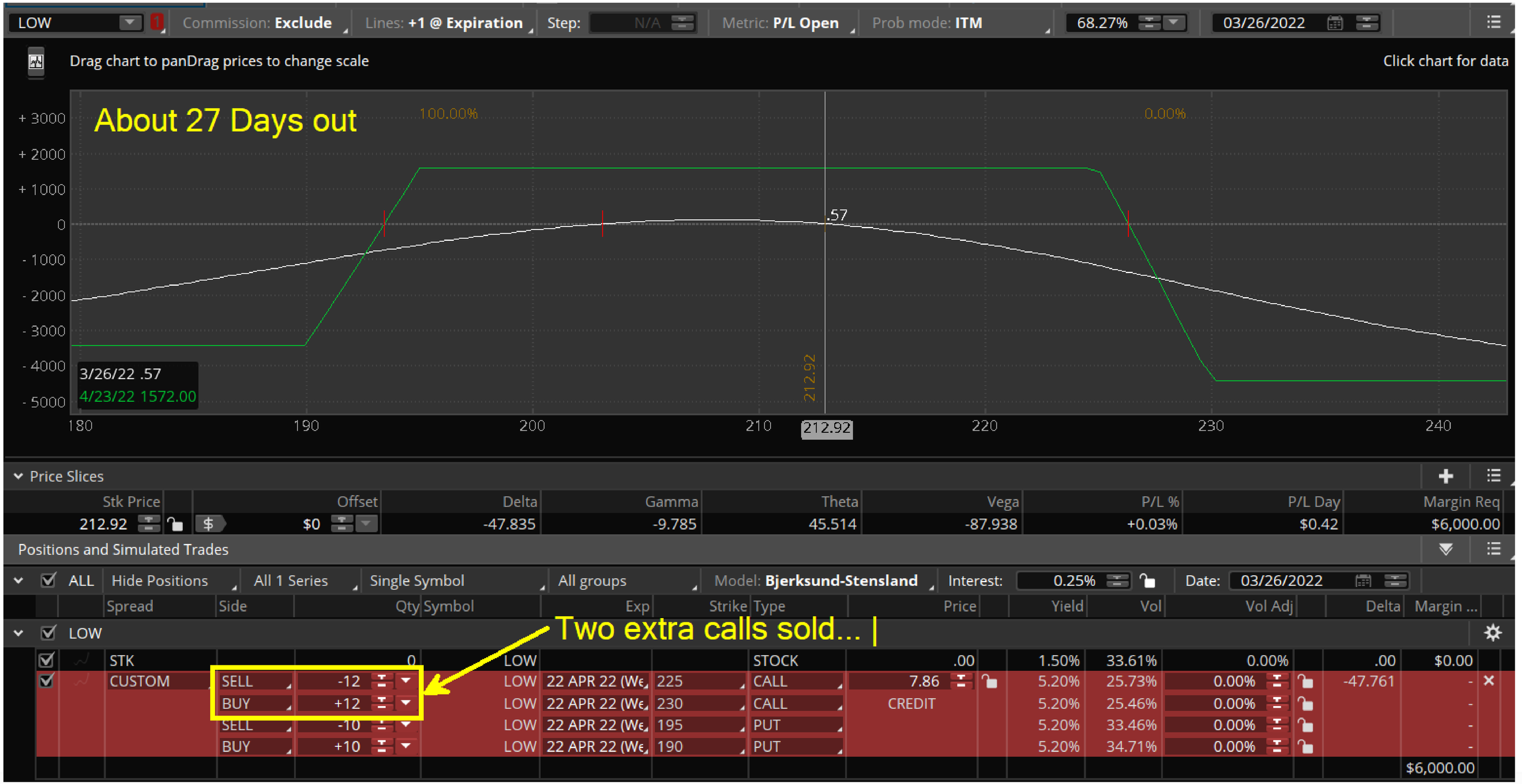
- Why calendar? Calendars are **positive vega** and require **less capital** than a diagonal
- Rather than getting a protected diagonal, you can do an **ATM or OTM calendar**
- This creates a **high-vega** trade without too much delta
- If the stock grinds up, you should be okay, and if it pulls back the **losses are less** than a diagonal or selling verticals
- The **downside** is if you get an **explosive up move**, it can **blow past** your calendar


LOW
Commission: Exclude
Lines: +1 @ Expiration
Step: N/A
Metric: P/L Open
Prob mode: ITM
68.27%
03/26/2022
Drag chart to panDrag prices to change scale
Click chart for data
Bullish 34 day calendar
With a positive vega, you want
some positive delta.
The positive vega will help you
if the stock sells off|
100.00%
0.00%
+ 3000
+ 2000
+ 1000
0
- 1000
3/26/22
4/23/22
212.92
98 199 200 201 202 203 204 205 206 207 208 209 210 211 212 213 214 215 216 217 218 219 220 221 222 223 224 225 226 227 228 229 230 231 232 233 234 235 236 237 238 239 240 241
Price Slices
Stk Price
212.92
Offset
$0
Delta
16.781
Gamma
-1.862
Theta
11.138
Vega
30.191
P/L %
-0.03%
P/L Day
($0.18)
Margin Req
$0.00
Positions and Simulated Trades
ALL
Hide Positions
All 2 Series
Single Symbol
All groups
Model: Bjerksund-Stensland
Interest:
0.25%
Date:
03/26/2022
Spread
Side
Qty
Symbol
Exp
Strike
Type
Price
Yield
Vol
Vol Adj
Delta
Margin ...
LOW
STK
0
LOW
STOCK
.00
1.50%
33.60%
0.00%
.00
$0.00
CALENDAR
BUY
+10
LOW
29 APR 22 (We
220
CALL
.55
4.04%
26.09%
0.00%
16.526
-
SELL
-10
LOW
22 APR 22 (We
220
CALL
DEBIT
5.20%
26.71%
0.00%
-
$0.00

Strategies: Neg Delta Condor

- A **negative delta** iron condor can help for a **downside** move, but not as much as a **protected** iron condor
- This will help with some of the **vega problem**, but it wont help with a **nasty sell off**
- These are nice to do if you expect a **small pull back** or it will give you **“time” to adjust** before things get too nasty

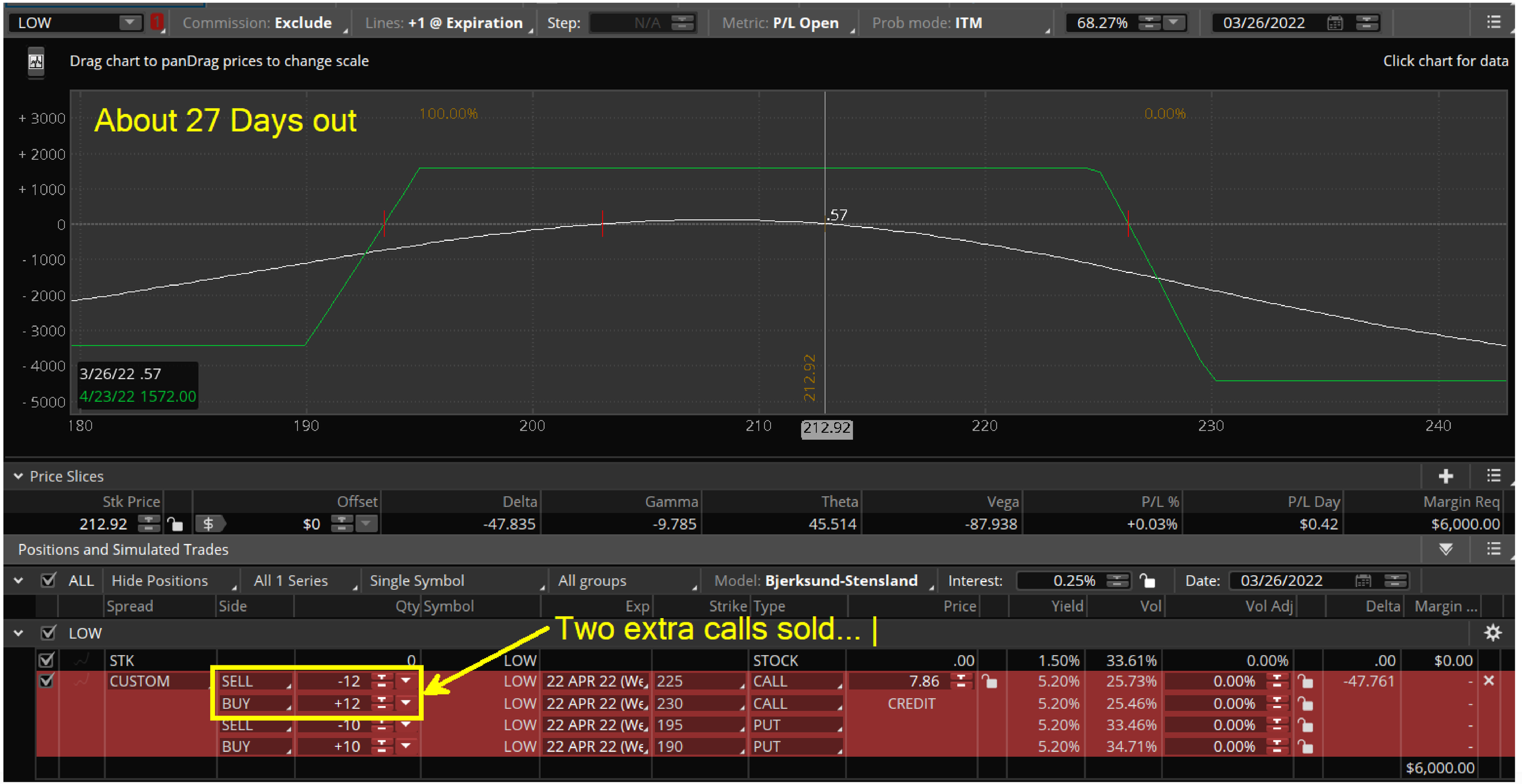


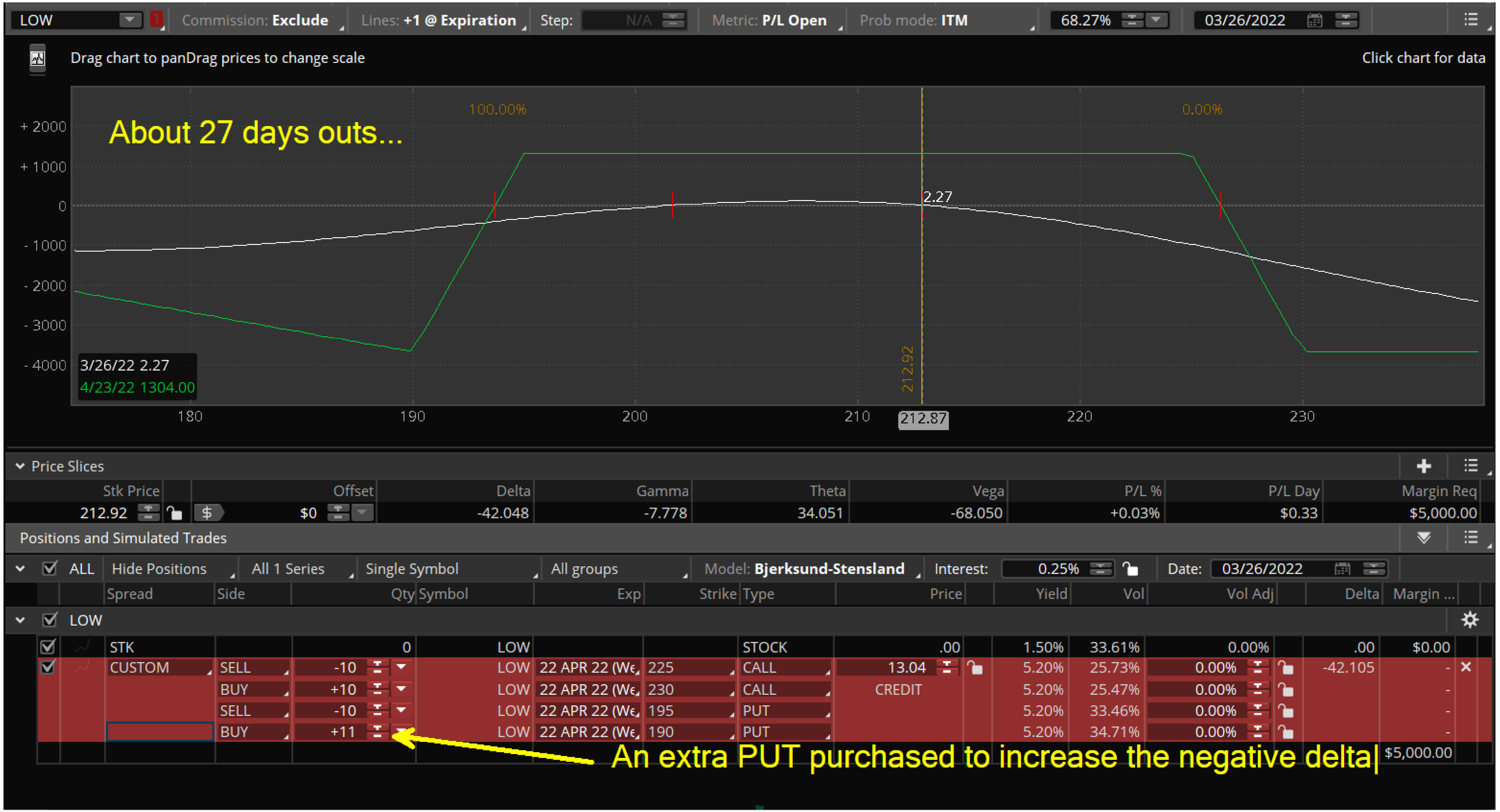

LOW
Commission: Exclude
Lines: +1 @ Expiration
Step: N/A
Metric: P/L Open
Prob mode: ITM
68.27%
03/26/2022
Drag chart to panDrag prices to change scale
Click chart for data
About 27 Days out
100.00%
0.00%
.57
+ 3000
+ 2000
+ 1000
0
- 1000
- 2000
- 3000
- 4000
- 5000
3/26/22 .57
4/23/22 1572.00
212.92
180
190
200
210
212.92
220
230
240
Price Slices
Stk Price
Offset
Delta
Gamma
Theta
Vega
P/L %
P/L Day
Margin Req
212.92
$0
-47.835
-9.785
45.514
-87.938
+0.03%
$0.42
$6,000.00
Positions and Simulated Trades
ALL
Hide Positions
All 1 Series
Single Symbol
All groups
Model: Bjerksund-Stensland
Interest: 0.25%
Date: 03/26/2022
Spread
Side
Qty
Symbol
Exp
Strike
Type
Price
Yield
Vol
Vol Adj
Delta
Margin ...
LOW
Two extra calls sold... |
STK 0 LOW STOCK .00 1.50% 33.61% 0.00% .00 $0.00
CUSTOM SELL -12 LOW 22 APR 22 (We 225 CALL 7.86 5.20% 25.73% 0.00% -47.761 -
BUY +12 LOW 22 APR 22 (We 230 CALL CREDIT 5.20% 25.46% 0.00% -
SELL -10 LOW 22 APR 22 (We 195 PUT 5.20% 33.46% 0.00% -
BUY +10 LOW 22 APR 22 (We 190 PUT 5.20% 34.71% 0.00% -
$6,000.00

Strategies: Iron Condor w/ PUTS



- Why iron condor with **extra puts**? Iron condors are **short vega** strategies and with a **low vix** this could be an issue
- Usually the **big issue** is on the **down side**
- The **upside** it can be annoying, but its usually not a crazy move
- Selling an iron condor with a **hedged** put can **smooth the downside**
- You can do this concept with **butterflies, verticals, diagonals**, etc


LOW
Commission: Exclude
Lines: +1 @ Expiration
Step: N/A
Metric: P/L Open
Prob mode: ITM
68.27%
03/26/2022
Drag chart to panDrag prices to change scale
Click chart for data
About 27 Days out
100.00%
0.00%
.57
+ 3000
+ 2000
+ 1000
0
- 1000
- 2000
- 3000
- 4000
- 5000
3/26/22 .57
4/23/22 1572.00
212.92
180
190
200
210
212.92
220
230
240
Price Slices
Stk Price
Offset
Delta
Gamma
Theta
Vega
P/L %
P/L Day
Margin Req
212.92
$0
-47.835
-9.785
45.514
-87.938
+0.03%
$0.42
$6,000.00
Positions and Simulated Trades
ALL
Hide Positions
All 1 Series
Single Symbol
All groups
Model: Bjerksund-Stensland
Interest: 0.25%
Date: 03/26/2022
Spread
Side
Qty
Symbol
Exp
Strike
Type
Price
Yield
Vol
Vol Adj
Delta
Margin ...
LOW
Two extra calls sold...
STK 0 LOW STOCK .00 1.50% 33.61% 0.00% .00 $0.00
CUSTOM SELL -12 LOW 22 APR 22 (We 225 CALL 7.86 5.20% 25.73% 0.00% -47.761 -
BUY +12 LOW 22 APR 22 (We 230 CALL CREDIT 5.20% 25.46% 0.00% -
SELL -10 LOW 22 APR 22 (We 195 PUT 5.20% 33.46% 0.00% -
BUY +10 LOW 22 APR 22 (We 190 PUT 5.20% 34.71% 0.00% -
$6,000.00


LOW
Commission: Exclude
Lines: +1 @ Expiration
Step: N/A
Metric: P/L Open
Prob mode: ITM
68.27%
03/26/2022
Drag chart to panDrag prices to change scale
Click chart for data
About 27 days outs...
100.00%
0.00%
+ 2000
+ 1000
0
- 1000
- 2000
- 3000
- 4000
2.27
212.92
3/26/22 2.27
4/23/22 1304.00
180
190
200
210
212.87
220
230
Price Slices
Stk Price
Offset
Delta
Gamma
Theta
Vega
P/L %
P/L Day
Margin Req
212.92
$0
-42.048
-7.778
34.051
-68.050
+0.03%
$0.33
$5,000.00
Positions and Simulated Trades
ALL
Hide Positions
All 1 Series
Single Symbol
All groups
Model: Bjerksund-Stensland
Interest: 0.25%
Date: 03/26/2022
Spread
Side
Qty
Symbol
Exp
Strike
Type
Price
Yield
Vol
Vol Adj
Delta
Margin ...
LOW
STK 0 LOW STOCK .00 1.50% 33.61% 0.00% .00 $0.00
CUSTOM SELL -10 LOW 22 APR 22 (We 225 CALL 13.04 5.20% 25.73% 0.00% -42.105 -
BUY +10 LOW 22 APR 22 (We 230 CALL CREDIT 5.20% 25.47% 0.00% -
SELL -10 LOW 22 APR 22 (We 195 PUT 5.20% 33.46% 0.00% -
BUY +11 LOW 22 APR 22 (We 190 PUT 5.20% 34.71% 0.00% -
An extra PUT purchased to increase the negative delta
$5,000.00

Protection Concepts

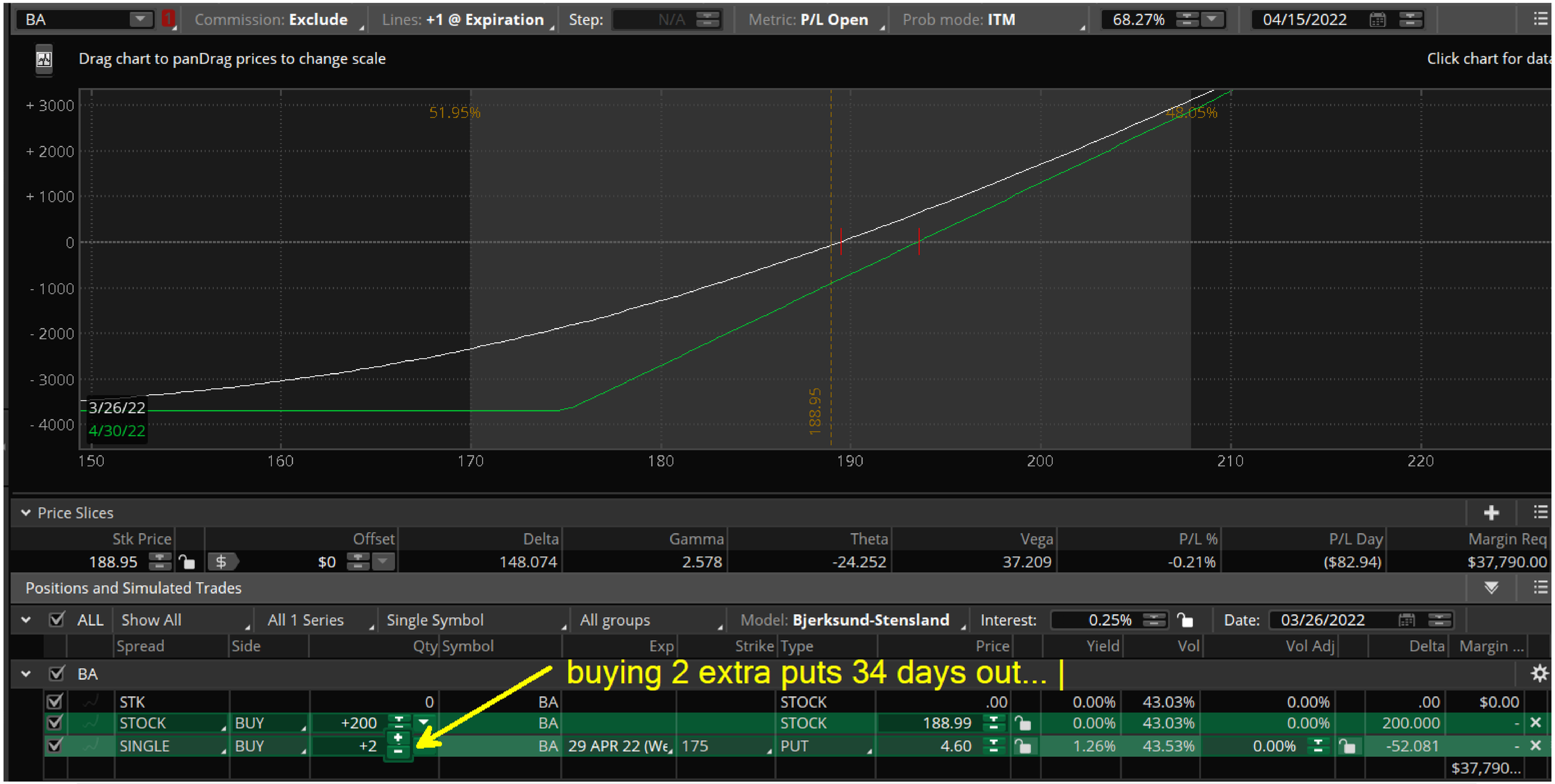


- Buying **single PUTS**
- Buying **bearish diagonals**
- Buying bearish **vertical PUTS**
- Selling calls with a **shorter time duration** (~21 DTE or less)
- Bearish **calendar bombs**
- **Back-ratio spreads** on the PUT side

Strategy: Buying a Put



- Why buy a PUT? It allows you be in the **bunker** and **put a stop in place** for your stock
- **Mental stops** might **not work** if the market spikes down and this is where PUTS can help **reduce** your long stock **exposure**
- By buying a put you are **hedging** at that exact **strike price** and you **won't lose money** on the stock past that price
- If you ever buy PUTS, this is the **ideal time** to buy them as they are **cheap**
- The **downside** is they **cost money** and you can do this for months by **losing money** on your insurance

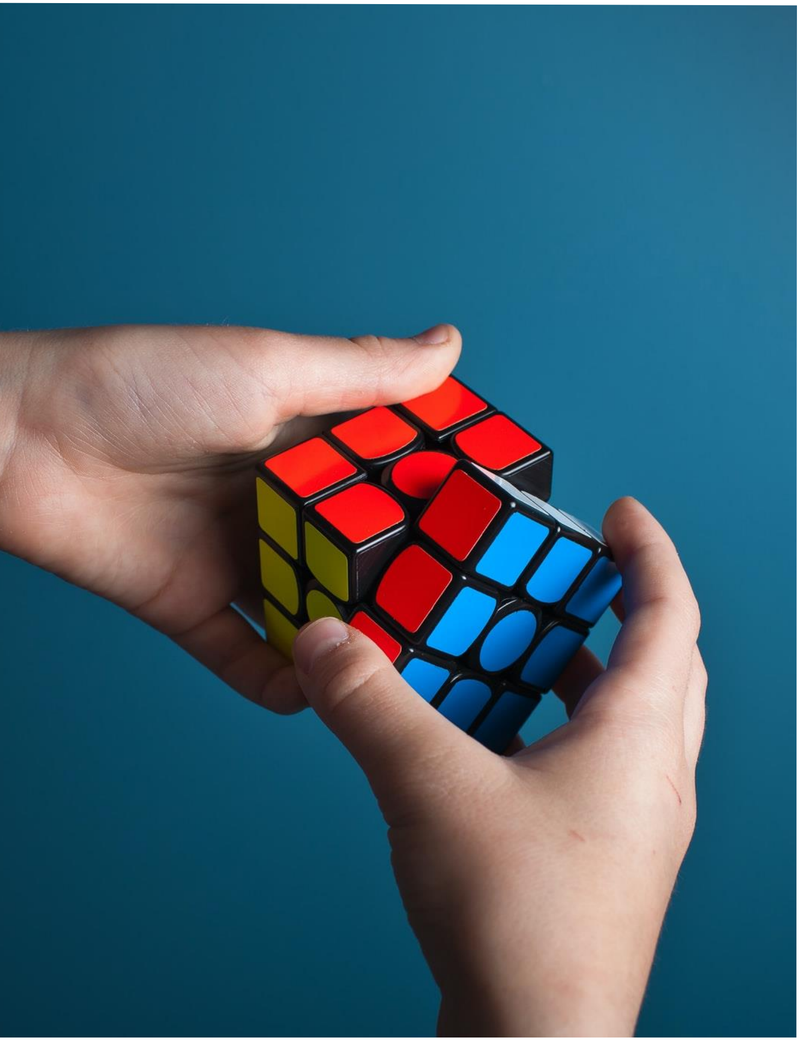

BA
Commission: Exclude
Lines: +1 @ Expiration
Step: N/A
Metric: P/L Open
Prob mode: ITM
68.27%
04/15/2022
Drag chart to panDrag prices to change scale
Click chart for data
+ 3000
+ 2000
+ 1000
0
- 1000
- 2000
- 3000
- 4000
51.95%
48.05%
3/26/22
4/30/22
188.95
150
160
170
180
190
200
210
220
Price Slices
Stk Price
Offset
Delta
Gamma
Theta
Vega
P/L %
P/L Day
Margin Req
188.95
$0
148.074
2.578
-24.252
37.209
-0.21%
($82.94)
$37,790.00
Positions and Simulated Trades
ALL
Show All
All 1 Series
Single Symbol
All groups
Model: Bjerksund-Stensland
Interest:
0.25%
Date:
03/26/2022
Spread
Side
Qty
Symbol
Exp
Strike
Type
Price
Yield
Vol
Vol Adj
Delta
Margin ...
BA
buying 2 extra puts 34 days out... |
STK
0
BA
STOCK
.00
0.00%
43.03%
0.00%
.00
$0.00
STOCK
BUY
+200
BA
STOCK
188.99
0.00%
43.03%
0.00%
200.000
-
SINGLE
BUY
+2
BA
29 APR 22 (We
175
PUT
4.60
1.26%
43.53%
0.00%
-52.081
-
$37,790...

Buying a Put: Tips

- If you buy a PUT make sure it is **25+ DTE** or longer. For most people **35+ DTE** is a nice starting point
- Decide where you want to **get stopped** out based on **dollar figure** or based on **probabilities**...
- **Tip:** Watch the expected move and even the **2x or 3x** the expected move



Strategy: Selling Calls



- Why sell calls? Starts to **hedge your position** and brings in some **premium** as you wait for a slow grind
- With **toppy markets**, you get **less premium**, but starts giving you basic **protection**
- Longer duration (35+ DTE) calls **decay slower** and give a wide range, but they are **short vega** and don't help on the down turn
- It may be wise to **sell verticals** that are **less** than **21 DTE**
- Selling calls is a great way to start a **slight hedging position** and protecting the **downside risk** as it reduces the **delta exposure** and brings in some premium


MCD
Commission: Exclude
Lines: +1 @ Expiration
Step: N/A
Metric: P/L Open
Prob mode: ITM
68.27%
04/02/2022
Drag chart to panDrag prices to change scale
Click chart for data
Selling calls 34 days out : 200 shares
-2 calls sold at 250
51.13%
48.87%
+ 2000
+ 1000
0
- 1000
- 2000
- 3000
-300.57
241.58
3/26/22 -300.57
4/30/22 172.58
233 234 235 236 237 238 239 240 241.58 243 244 245 246 247 248 249 250 251 252 253 254 255 256 257 258 259 260 261 262 263 264 265 266 267 268 269 270
Price Slices
Stk Price 241.58
Offset $0
Delta 144.315
Gamma -4.749
Theta 13.439
Vega -49.247
P/L % -0.62%
P/L Day ($301.00)
Margin Req $48,316.00
Positions and Simulated Trades
ALL
Show All
All 1 Series
Single Symbol
All groups
Model: Bjerksund-Stensland
Interest: 0.25%
Date: 03/26/2022
Spread Side Qty Symbol Exp Strike Type Price Yield Vol Vol Adj Delta Margin ...
MCD
STK 0 MCD STOCK .00 2.28% 23.22% 0.00% .00 $0.00
STOCK BUY +200 MCD STOCK 242.48 2.28% 23.22% 0.00% 200.000 -
SINGLE SELL -2 MCD 29 APR 22 (We 250 CALL 1.76 1.51% 19.11% 0.00% -55.869 -
SINGLE SELL -1 MCD 29 APR 22 (We 260 CALL .49 1.51% 18.91% 0.00% -10.222 -
$48,316...


MCD
Commission: Exclude
Lines: +1 @ Expiration
Step: N/A
Metric: P/L Open
Prob mode: ITM
68.27%
04/02/2022
Drag chart to panDrag prices to change scale
Click chart for data
51.13%
48.87%
Selling calls 34 days out...
and selling one extra one
further out in delta
+ 2000
+ 1000
0
- 1000
- 2000
- 3000
-310.11
3/26/22 -310.11
4/30/22 232.02
241.58
241.64
34 235 236 237 238 239 240 243 244 245 246 247 248 249 250 251 252 253 254 255 256 257 258 259 260 261 262 263 264 265 266 267 268 269 270 271 272
Price Slices
Stk Price 241.58
Offset $0
Delta 134.199
Gamma -6.016
Theta 16.957
Vega -62.279
P/L % -0.65%
P/L Day ($317.49)
Margin Req $51,371.10
Positions and Simulated Trades
ALL
Show All
All 1 Series
Single Symbol
All groups
Model: Bjerksund-Stensland
Interest: 0.25%
Date: 03/26/2022
Spread Side Qty Symbol Exp Strike Type Price Yield Vol Vol Adj Delta Margin ...
MCD
STK 0 MCD STOCK .00 2.28% 23.23% 0.00% .00 $0.00
STOCK BUY +200 MCD STOCK 242.48 2.28% 23.23% 0.00% 200.000 -
SINGLE SELL -2 MCD 29 APR 22 (We 250 CALL 1.76 1.51% 19.12% 0.00% -55.870 -
SINGLE SELL -1 MCD 29 APR 22 (We 260 CALL .49 1.51% 18.91% 0.00% -10.222 -
$51,371...

Selling Calls: Tips

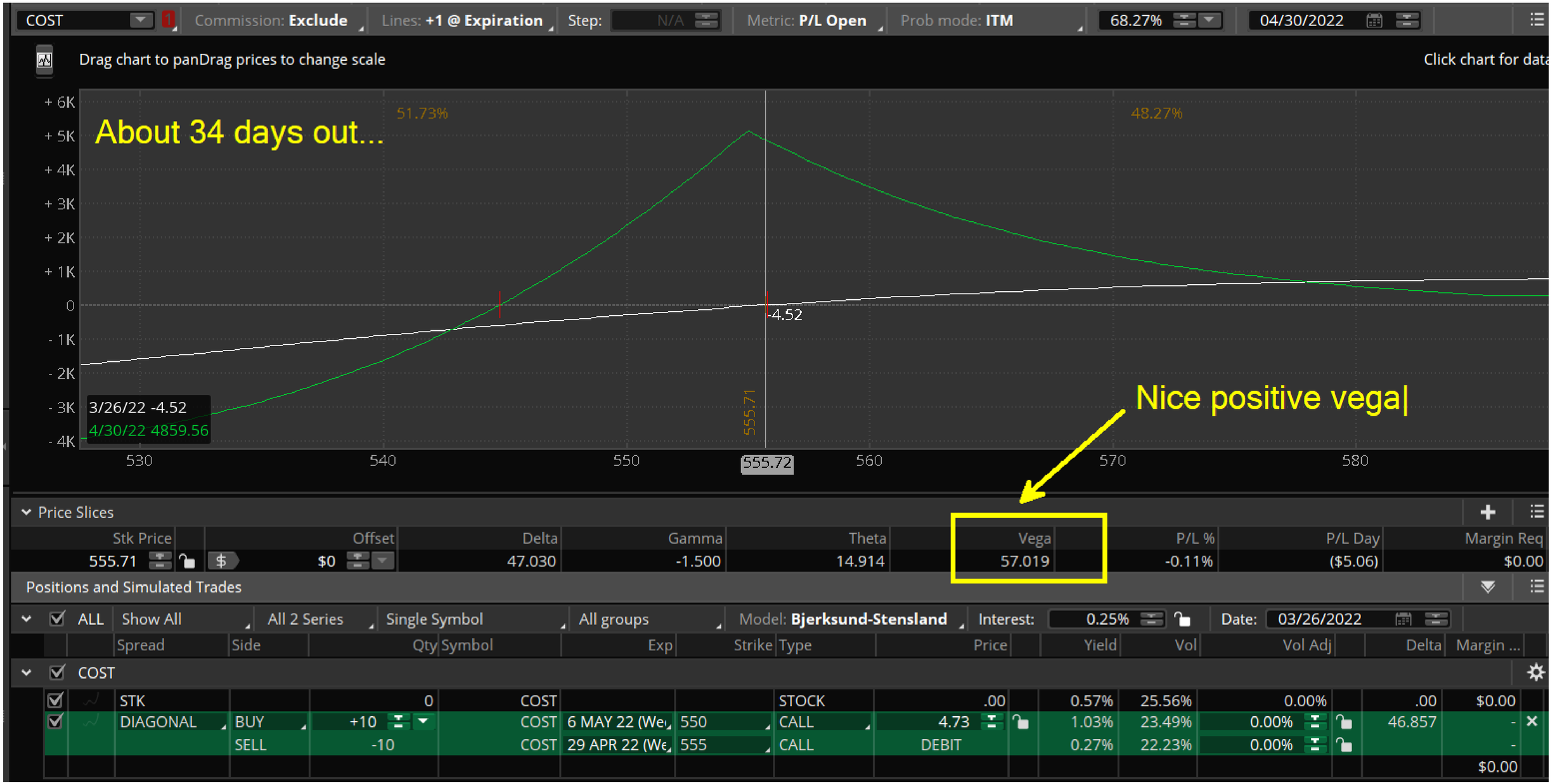


- **7 to 21 DTE calls** are a good starting point for **protection**.
- With **shorter duration** calls you may **lose** your stock, but gives stronger protection for an **immediate sell-off**
- **OTM calls** have less **premium** and less **delta**
- **ATM** gives you **more protection**, but you have a higher chance of **losing the stock**
- **ITM** protects you exceptionally well. Especially with a **downward market** and great if you are already profitable on a stock
- **Note:** You can even sell **2-3 calls more** than your share count

Strategy: Buying Diagonals



- Why buy diagonals? If you want to **add or buy stock**, this is a great **covered call alternative** for stocks you believe in
- Uses **less capital** than a stock covered call
- You can **tweak the rotation** of your diagonal and therefore increase or reduce your **delta exposure**
- Diagonals are **very flexible** and can be **ITM**
- You can create diagonals with **protection**


COST
Commission: Exclude
Lines: +1 @ Expiration
Step: N/A
Metric: P/L Open
Prob mode: ITM
68.27%
04/30/2022
Drag chart to panDrag prices to change scale
Click chart for data
About 34 days out...
51.73%
48.27%
+ 6K
+ 5K
+ 4K
+ 3K
+ 2K
+ 1K
0
- 1K
- 2K
- 3K
- 4K
-4.52
3/26/22 -4.52
4/30/22 4859.56
555.71
530
540
550
555.72
560
570
580
Nice positive vega|
Price Slices
Stk Price
Offset
Delta
Gamma
Theta
Vega
P/L %
P/L Day
Margin Req
555.71
$0
47.030
-1.500
14.914
57.019
-0.11%
($5.06)
$0.00
Positions and Simulated Trades
ALL
Show All
All 2 Series
Single Symbol
All groups
Model: Bjerksund-Stensland
Interest: 0.25%
Date: 03/26/2022
Spread
Side
Qty
Symbol
Exp
Strike
Type
Price
Yield
Vol
Vol Adj
Delta
Margin ...
COST
STK
0
COST
STOCK
.00
0.57%
25.56%
0.00%
.00
$0.00
DIAGONAL
BUY
+10
COST
6 MAY 22 (We
550
CALL
4.73
1.03%
23.49%
0.00%
46.857
SELL
-10
COST
29 APR 22 (We
555
CALL
DEBIT
0.27%
22.23%
0.00%
$0.00

Buying Diagonals: Tips

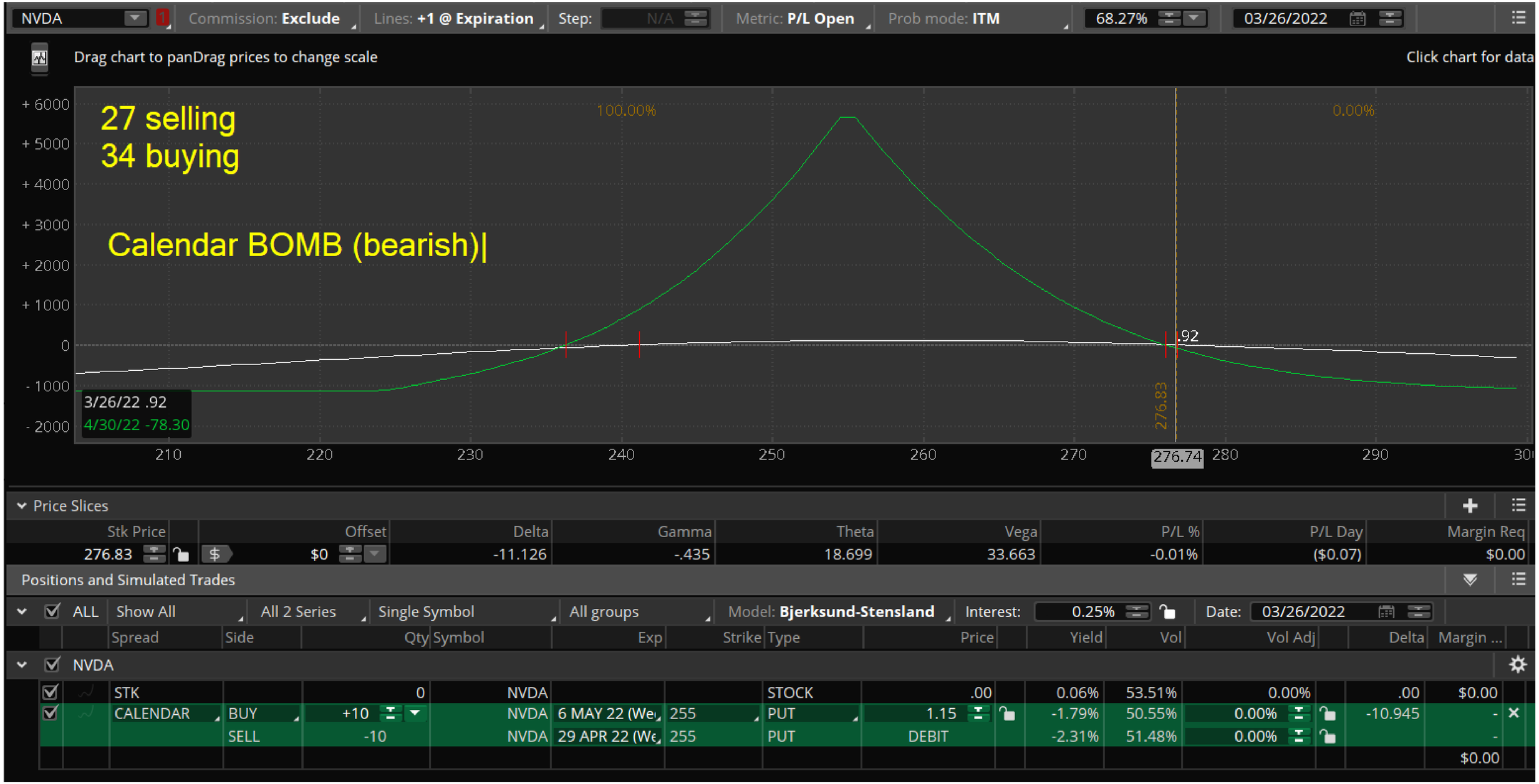


- If you are doing **multiple contracts**, split them across **a few weeks** as you don't know if the market will **sell-off soon**
- Stick to **longer duration diagonals** since these are **positive vega** trades (35+ DTE)
- If you normally trade stock, diagonals can be used as an **alternative** to **buying the stock** and selling calls as they use **less capital**

Strategy: Calendar Bombs



- We discussed this strategy earlier
- However, if you do this strategy when the options are **cheap**, it allows you to buy **options** at a **cheaper price**
- This helps **reduce** all that **short vega** you might have
- Most people have a lot of **short vega positions**, where as **calendars** are **positive vega**
- This is a **minor hedge** for minor **pull backs**, but can still help


NVDA
Commission: Exclude
Lines: +1 @ Expiration
Step: N/A
Metric: P/L Open
Prob mode: ITM
68.27%
03/26/2022
Drag chart to panDrag prices to change scale
Click chart for data
27 selling
34 buying
Calendar BOMB (bearish)|
100.00%
0.00%
.92
276.83
3/26/22 .92
4/30/22 -78.30
+ 6000
+ 5000
+ 4000
+ 3000
+ 2000
+ 1000
0
- 1000
- 2000
210
220
230
240
250
260
270
276.74
280
290
Price Slices
Stk Price
Offset
Delta
Gamma
Theta
Vega
P/L %
P/L Day
Margin Req
276.83
$0
-11.126
-.435
18.699
33.663
-0.01%
($0.07)
$0.00
Positions and Simulated Trades
ALL
Show All
All 2 Series
Single Symbol
All groups
Model: Bjerksund-Stensland
Interest: 0.25%
Date: 03/26/2022
Spread
Side
Qty
Symbol
Exp
Strike
Type
Price
Yield
Vol
Vol Adj
Delta
Margin ...
NVDA
STK
0
NVDA
STOCK
.00
0.06%
53.51%
0.00%
.00
$0.00
CALENDAR
BUY
+10
NVDA
6 MAY 22 (We
255
PUT
1.15
-1.79%
50.55%
0.00%
-10.945
SELL
-10
NVDA
29 APR 22 (We
255
PUT
DEBIT
-2.31%
51.48%
0.00%
$0.00

Calendar Bomb: Tips

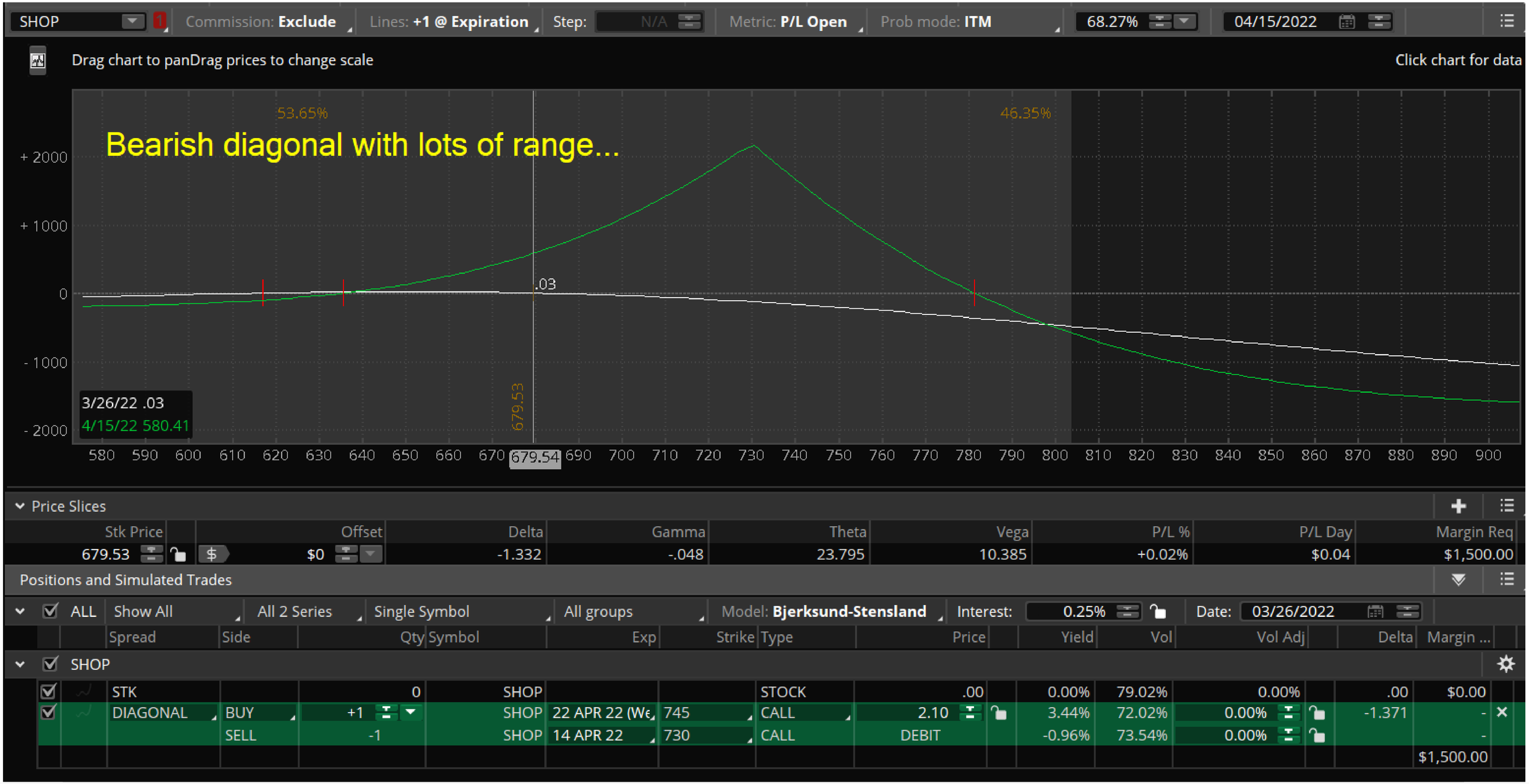


- Place calendar bombs at various **strikes** on **index** or **ETF** products at **different durations** on over a few days or weeks
- Place them **30-75 days out**. If the market is getting very toppy, then do less days
- If we continue to grind up, you can do **longer duration**
- You can even setup slightly **ATM calendars** that grind up on you and use them later as **protective calendar bombs**
- Use the **expected move** to help you **gauge** where to position them

Strategy: Bearish Diagonals



- Why do this? Create a strategy that has **positive vega** and **negative delta**
- Create a **14-21 day** slightly bearish diagonal that looks to capture a **downside movement**
- You **don't** need to be **extremely bearish** as you are looking to **capture the vega** and minor **negative** delta
- If it goes against you, the shorter duration will help you as **theta** will keep **decaying** the options keeping your **losses minimal**


SHOP
Commission: Exclude
Lines: +1 @ Expiration
Step: N/A
Metric: P/L Open
Prob mode: ITM
68.27%
04/15/2022
Drag chart to panDrag prices to change scale
Click chart for data
53.65%
46.35%
Bearish diagonal with lots of range...
+ 2000
+ 1000
0
- 1000
- 2000
.03
679.53
3/26/22 .03
4/15/22 580.41
580 590 600 610 620 630 640 650 660 670 679.54 690 700 710 720 730 740 750 760 770 780 790 800 810 820 830 840 850 860 870 880 890 900
Price Slices
Stk Price 679.53
Offset $0
Delta -1.332
Gamma -.048
Theta 23.795
Vega 10.385
P/L % +0.02%
P/L Day $0.04
Margin Req $1,500.00
Positions and Simulated Trades
ALL
Show All
All 2 Series
Single Symbol
All groups
Model: Bjerksund-Stensland
Interest: 0.25%
Date: 03/26/2022
Spread Side Qty Symbol Exp Strike Type Price Yield Vol Vol Adj Delta Margin ...
SHOP
STK 0 SHOP STOCK .00 0.00% 79.02% 0.00% .00 $0.00
DIAGONAL BUY +1 SHOP 22 APR 22 (We 745 CALL 2.10 3.44% 72.02% 0.00% -1.371 -
SELL -1 SHOP 14 APR 22 730 CALL DEBIT -0.96% 73.54% 0.00% -
$1,500.00

Bearish Diagonal: Tips

- Keep bearish diagonals **shorter term**
- **Longer duration** will give **more runway**, but the theta decay is slow
- Place trades on **big up-days**. If you do this on a down day, then longer duration may be better to give you more range for a **possible snap-up**
- Once your stop is hit or delta increases, **reset the position**
- Remember it may take **2 or 5 losses** until this trade **pays off**
- The goal is to **hedge long positions** – its okay if you lose on this hedge as your long positions are making you money



Back-Ratio Calls for Credit



- Why do this? Similar to selling call vertical premium, but it allows you to **go longer duration** and be more **protected** if it goes against you
- Can do it for a **longer** duration since you are **more protected**
- You are waiting for a **big spike down**
- Can be **14 days to 60 days**. Shorter duration pay-off is nicer, but it doesn't give as much range
- You are looking to **collect the credit** from the **downside move**, but if the market keeps moving up you are protected with the **extra call**


ADSK
Commission: Exclude
Lines: +1 @ Expiration
Step: N/A
Metric: P/L Open
Prob mode: ITM
68.27%
04/15/2022
Drag chart to panDrag prices to change scale
Click chart for data
+ 4K
+ 3K
+ 2K
+ 1K
0
- 1K
- 2K
- 3K
- 4K
- 5K
- 6K
51.90%
48.10%
Credit (19 DTE)
1.46
212.14
3/26/22 1.46
4/15/22 856.00
200
210
212.10
220
230
240
250
Price Slices
Stk Price
Offset
Delta
Gamma
Theta
Vega
P/L %
P/L Day
Margin Req
212.14
$0
-35.273
2.765
-7.216
15.343
0.00%
$0.01
$5,000.00
Positions and Simulated Trades
ALL
Show All
All 1 Series
Single Symbol
All groups
Model: Bjerksund-Stensland
Interest: 0.25%
Date: 03/26/2022
Spread
Side
Qty
Symbol
Exp
Strike
Type
Price
Yield
Vol
Vol Adj
Delta
Margin ...
ADSK
3 extra calls incase the stock moves to the upside
STK
0
ADSK
STOCK
.00
0.00%
41.95%
0.00%
.00
$0.00
BACKRATIO
SELL
-10
ADSK
14 APR 22
220
CALL
-8.56
-0.53%
35.01%
0.00%
-33.995
BUY
+13
ADSK
14 APR 22
225
CALL
CREDIT
-0.53%
33.79%
0.00%
$5,000.00

Back-Ratio for Downside



- **Pre-define your risk** in this trade in advance as there is very **little room to adjust**
- **Don’t** strive to **get too big** of a credit as then the probabilities could go **against you**
- At the beginning you might have a **negative theta** rather than a **positive theta**
- Watch out for the **sea-of-death**, but it isn’t as bad as most people think
- If you are in the **dead-zone** and you are getting into **10 days to go**, you can close the trade or roll it

QUESTIONS?

MOVING SIDEWAYS MARKET

How the Market Behaves

- The market is **moving sideways** and at times **chops around**
- Often, the market moves sideways **after a large move** either to the **upside** or **downside** trying to digest recent **price action**
- It may feel as if the market is **not doing much** during this season and might be **“boring”**
- There are only a **handful of stocks** breaking out or **making moves** – usually a handful of unicorns
- 💡 Remember that when “**identifying**” a sideways markets it can be shorter-term or longer-term (for us we will say multiple 6-8 weeks minimum)



Technically Identify



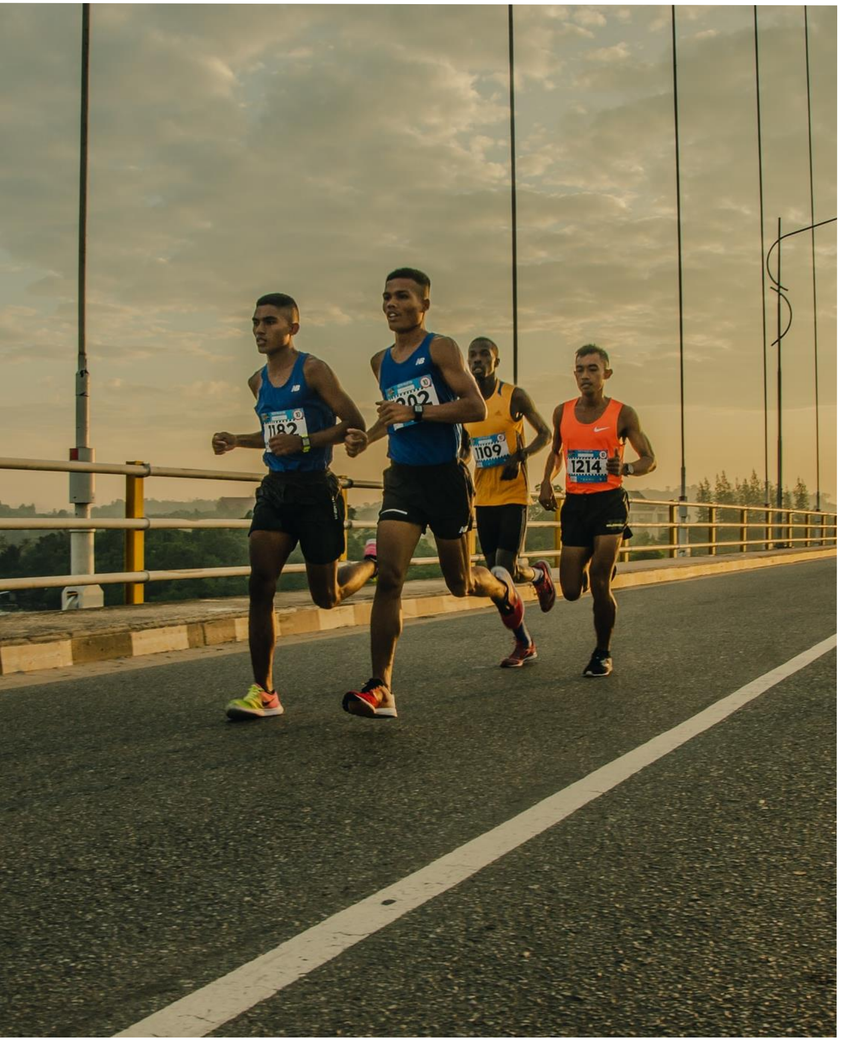
- If we use basic technicals and a simple concept of **moving averages** we can get an idea in spotting this market condition
- Take the **10, 21, 34, 55, & 89 exponential moving averages**
- If the moving averages are **tangled**, **messy**, or you see a more of a **flat** or **compressed** lines on the **55** or **89** exponential moving averages, then you are more than likely in a sideways market (Check AMZN from July 2021 to Nov 2021)

The Mindset of these Markets



- If the market has been in an **uptrend** and then starts moving **sideways**, people wonder **“what’s going on”**
- On **down days**, they get more **aggressive** assuming the up trend will resume
- In other words people get **complacent**
- If the market recently was **moving down** and then we start going **sideways**, people feel more **relieved and hopeful** (PYPL in March 2022)
- They think the down move is **over**. They may hope their stock pops to **reduce losses**
- Some people want to **buy the dip** as the stock starts to **consolidate**

How to Approach this Market



- In a **sideways market**, the market is **digesting** a recent move
- If you **ran for 10 hours**, you need a **break** even though you made great progress (market ran up **too quick** and now goes sideways)
- If you **slept for 10 hours**, you might be ready to **workout** (market **sold off** and built energy for an **up-move**)
- You might be **indecisive** and unsure of where the market is heading and in this case, you should **trade lighter**
- If needed, trim positions to **reduce risk**

Warning on This Season



- A sideways market after a **large move up**, is **different** from a sideways market after a **large downward move**
- You need to be **careful** setting up your trades and start **evaluating each position** as part of your portfolio
- **For example,** do you want to add to your **long** portfolio, **speculative** portfolio, or **theta trades**
- Are you trying to make money from **price movements, theta, or vega?**

Strategies Ideas

- Most **strategies** will work, but it will **depend** on where these strategies will **fit into your portfolio**

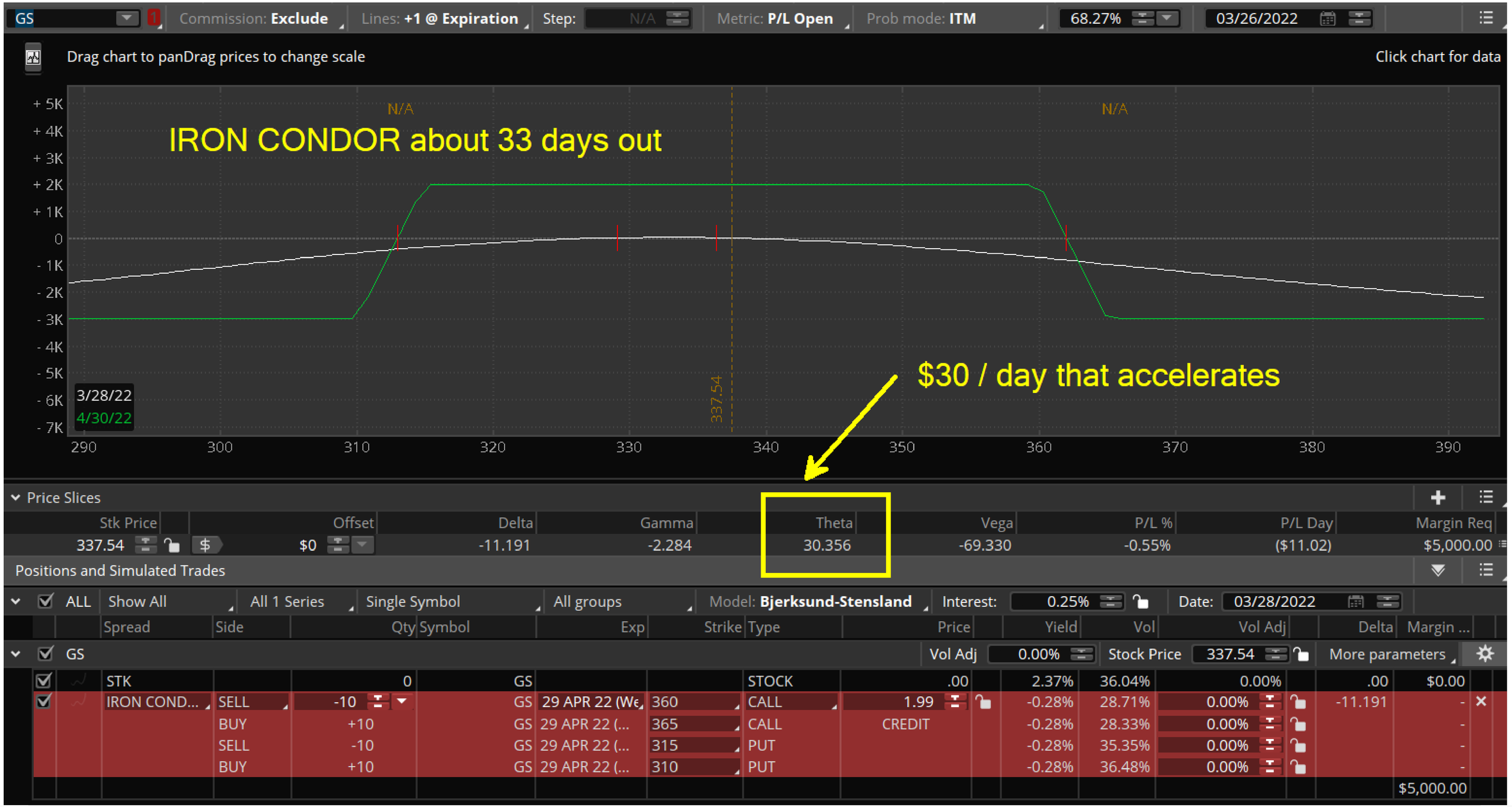
- We will go into a few **examples** and give you some insight on **positioning** as it depends on how the market is positioned



Theta Iron Condors



- **Iron Condors** where you make money from **theta** sounds like a good approach since the market is starting to **move sideways**
- The **question is when** did the market start moving sideways? If it was a **few weeks ago**, then this can be a **problem**
- If you put the position on, you are **winning each day**
- Once it starts to move **against you**, you **close the position**


GS
Commission: Exclude
Lines: +1 @ Expiration
Step: N/A
Metric: P/L Open
Prob mode: ITM
68.27%
03/26/2022
Drag chart to panDrag prices to change scale
Click chart for data
IRON CONDOR about 33 days out
$30 / day that accelerates
N/A
N/A
337.54
3/28/22
4/30/22
Price Slices
Stk Price
Offset
Delta
Gamma
Theta
Vega
P/L %
P/L Day
Margin Req
337.54
$0
-11.191
-2.284
30.356
-69.330
-0.55%
($11.02)
$5,000.00
Positions and Simulated Trades
ALL
Show All
All 1 Series
Single Symbol
All groups
Model: Bjerksund-Stensland
Interest: 0.25%
Date: 03/28/2022
Spread
Side
Qty
Symbol
Exp
Strike
Type
Price
Yield
Vol
Vol Adj
Delta
Margin ...
GS
Vol Adj 0.00%
Stock Price 337.54
More parameters
STK 0 GS STOCK .00 2.37% 36.04% 0.00% .00 $0.00
IRON COND... SELL -10 GS 29 APR 22 (We 360 CALL 1.99 -0.28% 28.71% 0.00% -11.191
BUY +10 GS 29 APR 22 (... 365 CALL CREDIT -0.28% 28.33% 0.00%
SELL -10 GS 29 APR 22 (... 315 PUT -0.28% 35.35% 0.00%
BUY +10 GS 29 APR 22 (... 310 PUT -0.28% 36.48% 0.00%
$5,000.00

Gamma Iron Condors



- Normally you want to **capture the theta** from iron condors, but remember that stocks **build energy** to move. They coil up and then **explode** one way or the other.
- Placing a strategy like a **gamma iron condor** is another way to trade a **sideways** market and it is one I prefer when I **missed the sideways action** from a theta iron condor
- You know it will move, you just don't know **when or where**
- These positions are a bit **different** than a regular theta iron condor as you **lose theta** each day, and then get a **win** at the end **once it moves**



Price Slices

Stk Price	Offset	Delta	Gamma	Theta	Vega	P/L %	P/L Day	Margin Req
337.54	$0	11.195	2.282	-30.350	69.287	+0.10%	$2.05	$0.00

Positions and Simulated Trades

ALL | Show All | All 1 Series | Single Symbol | All groups | Model: **Bjerksund-Stensland** | Interest: 0.25% | Date: 03/28/2022

GS | Vol Adj 0.00% | Stock Price 337.54 | More parameters

Spread	Side	Qty	Symbol	Exp	Strike	Type	Price	Yield	Vol	Vol Adj	Delta	Margin ...
STK		0	GS			STOCK	.00	2.37%	36.06%	0.00%	.00	$0.00
IRON COND...	BUY	+10	GS	29 APR 22 (We...	360	CALL	2.00	-0.28%	28.72%	0.00%	11.196	-
	SELL	-10	GS	29 APR 22 (...	365	CALL	DEBIT	-0.28%	28.35%	0.00%		-
	BUY	+10	GS	29 APR 22 (...	315	PUT		-0.28%	35.37%	0.00%		-
	SELL	-10	GS	29 APR 22 (...	310	PUT		-0.28%	36.50%	0.00%		-
												$0.00

Long Portfolio Traders



- If the market **sold off** and now you are moving **sideways** this might be a good time to add **long-portfolio trades** since stocks might be basing
- Strategies where you are **protected** (such as **selling vertical PUTS w/ protection**) could be a starting point
- Other strategies may include bullish **diagonals**, bullish **calendars** (for extra caution), bullish **iron condors** where you are slightly more protected
- Strategies like the above can also be used if the market is at the **highs** and **moving sideways**, but the point is you are **cautiously bullish** in this type of market condition

Stock Specific Strategy



- With sideways markets, there are still stocks that are going to be **extended** either to the **upside** or **downside**
- You can take a **directional bet**, often **countertrend** to what happened
- For example a stock **sold off 2x+** more than the **expected move**, then you would be **bullish**
- If a stock moved **powered higher 2x+** more than the **expected move**, then you could get **bearish**
- The simple strategy to use here would be an **ATM vertical**. I call it a 50/50, some call it an IN/OUT spread

QUESTIONS?


NASTY
SELL-OFF
PANIC MARKET

How the Market Behaves



- The market (or stock) **sells off quickly** often 10% or more
- The moves are **quick and nasty** (lots of fear)
- People usually **panic** and try to **get out fast**
- **Average true range** increases (range of the bars / wide price spread)
- **PUT prices** go up
- **Implied volatility** rises fast
- Get **fast bounces** only to sell off later

Technically Identify



- If we use basic technicals and a simple concept of **moving averages** we can get an idea in spotting this market condition
- Take the **10, 21, 34, 55, & 89 exponential moving averages**
- What you will notice is that the 10 day will start to be under the 21. The **shortest** duration will be on the **bottom** to longest duration at the top.
- The angle of the 55 and 89 exponential moving averages (**longer-duration**) will point or **angle downward**.

The Mindset of these Markets



- Many people throw up their hands and say **“everyone lost money”**
- They have **no plan** to deal with **snowstorms**
- They keep doing what they’ve been doing such as **selling calls** or sitting tight in their stock (which is often a better approach then **getting out near the bottom**)
- **Active traders** feel like failures and not sure what to do
- They try to trade in **larger sizes** to make up their losses **(average down)**

What to Watch Out for

- The **VIX often spikes** which increases PUT protection **costs**
- **Bid ask spreads** become wider
- This means it is **more difficult** to execute spreads
- It is more difficult to **get in and out** of trades so you need to be **more patient**



How to Approach this Market



- Understand your **bigger plan** to your **portfolio**
- Recognize the **conditions** could be **changing**
- Trade **lighter** and **smaller** than normal
- Understand that **bounces** can **fake you out** and usually **lows are retested**
- Sometimes you need **protection** for simply buying you time to **get OUT** of a position
- Look for **long-investment** opportunities after a **5-10% pull back** or a multi-week or month downward run

Strategies Ideas



- **Buying PUTS**
- Selling deep **ITM calls**
- **Back ratio** spreads
- Long duration selling **PUT verticals** w/ protection
- **Diagonal** and w/ protection
- **Diversification** through allocation across multiple weeks...

Strategy: Buying a PUT



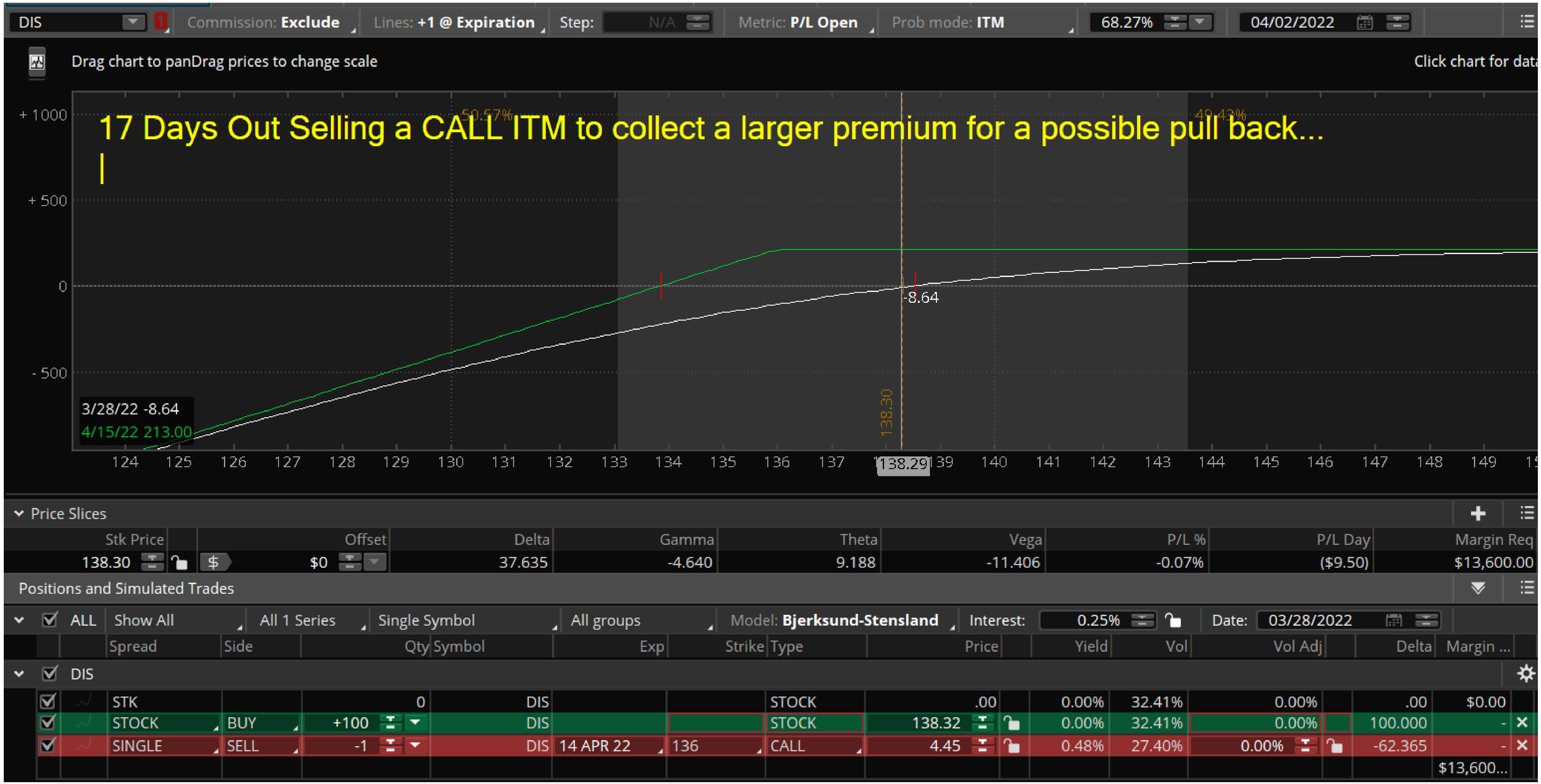
- Sometimes the market throws you a **curve ball** and you don't have **tail end protection**
- If you need a PUT – **GET A PUT!**
- Sometimes the **bid-ask spreads** are so wide that getting a **PUT** while you **exit** a spread is **worthwhile** over the next few days
- Buying a PUT should have been bought earlier, but it happens – **we can't time things perfectly**
- **Get it if you need it!**


SBUX
Commission: Exclude
Lines: +1 @ Expiration
Step: N/A
Metric: P/L Open
Prob mode: ITM
68.27%
04/02/2022
Drag chart to panDrag prices to change scale
Click chart for data
Buying a put - 32 days out
48.97%
+ 1000
0
- 1000
3/28/22
4/30/22
87.45
63 64 65 66 67 68 69 70 71 72 73 74 75 76 77 78 79 80 81 82 83 84 85 86 87 88 89 90 91 92 93 94 95 96 97 98 99 100 101 102 103 104 105 106
Price Slices
Stk Price 87.45
Offset $0
Delta 191.668
Gamma 14.955
Theta -13.641
Vega 29.177
P/L % -0.77%
P/L Day ($207.00)
Margin Req $3,285.00
Positions and Simulated Trades
ALL
Show All
All 1 Series
Single Symbol
All groups
Model: Bjerksund-Stensland
Interest: 0.25%
Date: 03/28/2022
Spread Side Qty Symbol Exp Strike Type Price Yield Vol Vol Adj Delta Margin ...
SBUX
STK 0 SBUX STOCK .00 2.24% 31.60% 0.00% .00 $0.00
STOCK BUY +300 SBUX STOCK 87.90 2.24% 31.60% 0.00% 300.000 -
SINGLE BUY +3 SBUX 29 APR 22 (We 85 PUT 2.18 1.47% 29.08% 0.00% -108.332 -
$3,285.00

Strategy: Selling Calls



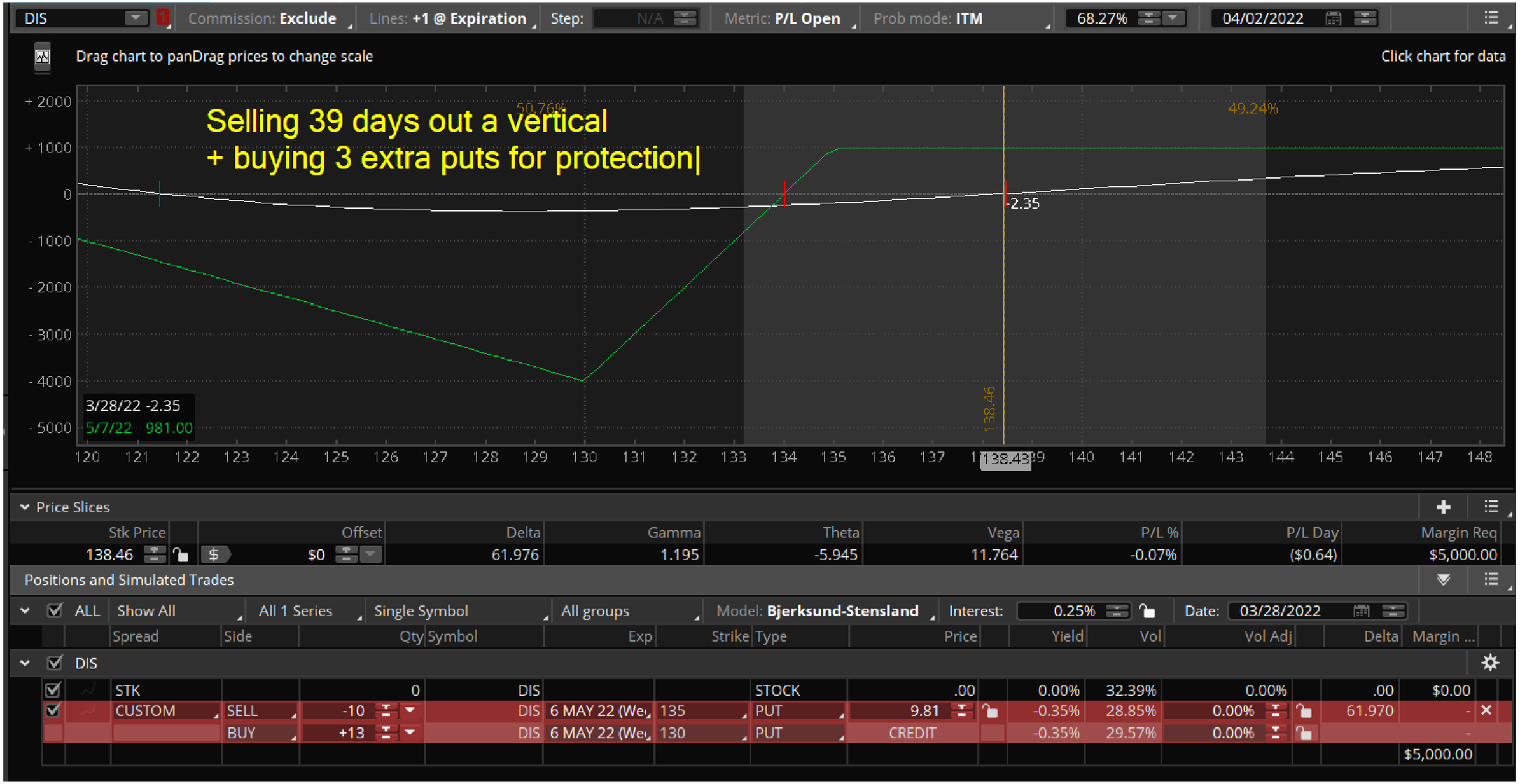
- Many people sell calls **against** their **long** stock **position**
- If you normally sold a **20 delta**, you may want to **increase** the delta you sell maybe to a **40 delta**
- You can even go **ITM** on your calls to **offset the risk** and **reduce** your **deltas** even further!
- You can **sell more calls** than the stock you own (**carefully**)
- **Note:** Selling too long of a duration may not be as beneficial since you will be **short vega**


DIS
Commission: Exclude
Lines: +1 @ Expiration
Step: N/A
Metric: P/L Open
Prob mode: ITM
68.27%
04/02/2022
Drag chart to panDrag prices to change scale
Click chart for data
17 Days Out Selling a CALL ITM to collect a larger premium for a possible pull back...
+ 1000
+ 500
0
- 500
50.57%
49.43%
-8.64
138.30
3/28/22 -8.64
4/15/22 213.00
124 125 126 127 128 129 130 131 132 133 134 135 136 137 138.29 139 140 141 142 143 144 145 146 147 148 149
Price Slices
Stk Price 138.30
Offset $0
Delta 37.635
Gamma -4.640
Theta 9.188
Vega -11.406
P/L % -0.07%
P/L Day ($9.50)
Margin Req $13,600.00
Positions and Simulated Trades
ALL
Show All
All 1 Series
Single Symbol
All groups
Model: Bjerksund-Stensland
Interest: 0.25%
Date: 03/28/2022
Spread Side Qty Symbol Exp Strike Type Price Yield Vol Vol Adj Delta Margin ...
DIS
STK 0 DIS STOCK .00 0.00% 32.41% 0.00% .00 $0.00
STOCK BUY +100 DIS STOCK 138.32 0.00% 32.41% 0.00% 100.000 -
SINGLE SELL -1 DIS 14 APR 22 136 CALL 4.45 0.48% 27.40% 0.00% -62.365 -
$13,600...

Put Verticals w/ Protection

- A different way to think about **back ratios**...
- If you are trying to add to your position, you can **sell PUT verticals** in nasty market conditions
- You may want to do it with some **protection** since you never know where the **bottom** is
- You might do this **a few times** until the market calms down and shows you **stability**
- You may be starting with some **negative theta**, but still looking for an **upside move**
- Usually you will want to get a **stronger delta** and may need **multiple contracts**




DIS
Commission: Exclude
Lines: +1 @ Expiration
Step: N/A
Metric: P/L Open
Prob mode: ITM
68.27%
04/02/2022
Drag chart to panDrag prices to change scale
Click chart for data
Selling 39 days out a vertical
+ buying 3 extra puts for protection
50.76%
49.24%
-2.35
138.46
3/28/22 -2.35
5/7/22 981.00
Price Slices
Stk Price 138.46
Offset $0
Delta 61.976
Gamma 1.195
Theta -5.945
Vega 11.764
P/L % -0.07%
P/L Day ($0.64)
Margin Req $5,000.00
Positions and Simulated Trades
ALL
Show All
All 1 Series
Single Symbol
All groups
Model: Bjerksund-Stensland
Interest: 0.25%
Date: 03/28/2022
Spread Side Qty Symbol Exp Strike Type Price Yield Vol Vol Adj Delta Margin ...
DIS
STK 0 DIS STOCK .00 0.00% 32.39% 0.00% .00 $0.00
CUSTOM SELL -10 DIS 6 MAY 22 (We 135 PUT 9.81 -0.35% 28.85% 0.00% 61.970 -
BUY +13 DIS 6 MAY 22 (We 130 PUT CREDIT -0.35% 29.57% 0.00% -
$5,000.00

Protection Idea: Back Ratio



- Back ratio spreads can be great **protective strategies**
- You can use back ratio's to bring in **credit incase** of a **market sell off**
- You can also use back ratio spreads to **hedge off** the tail-end **risk**, but receive no credit
- These strategies are great things to **sprinkle** into a **larger portfolio** to cut off some problem spots that most people don't think about


FB
Commission: Exclude
Lines: +1 @ Expiration
Step: N/A
Metric: P/L Open
Prob mode: ITM
68.27%
04/23/2022
Drag chart to panDrag prices to change scale
Click chart for dat
52.39%
47.61%
Back ratio for protection...
+ 1000
0
- 1000
- 2000
-1.00
Sea of death
3/28/22 -1.00
5/7/22 -30.00
Max loss is $30
221.16
180
190
200
210
221.24
230
240
250
260
Price Slices
Stk Price
Offset
Delta
Gamma
Theta
Vega
P/L %
P/L Day
Margin Req
221.16
$0
-11.461
.815
-14.789
22.365
+0.01%
$0.00
$2,000.00
Positions and Simulated Trades
ALL
Hide Positions
All 1 Series
Single Symbol
All groups
Model: Bjerksund-Stensland
Interest: 0.25%
Date: 03/28/2022
Spread
Side
Qty
Symbol
Exp
Strike
Type
Price
Yield
Vol
Vol Adj
Delta
Margin ...
FB
STK 0 FB STOCK .00 0.00% 45.68% 0.00% .00 -
BACKRATIO SELL -2 FB 6 MAY 22 (We 220 PUT .30 -0.21% 46.94% 0.00% -11.461 -
BUY +3 FB 6 MAY 22 (W... 210 PUT DEBIT -0.21% 48.30% 0.00% -
$2,000.00

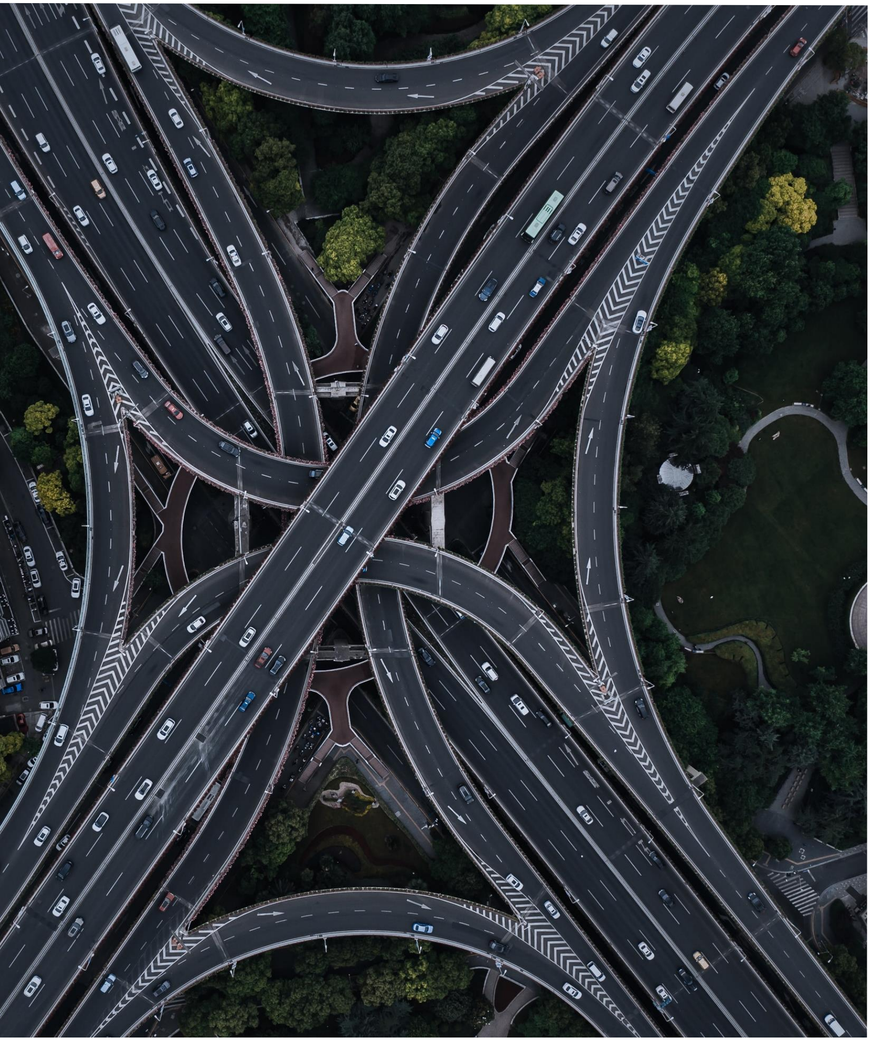
Strategy: Diagonal



- Diagonals are often used as a **covered call alternative**, but use **less capital**
- With diagonals you can be more **aggressive or cautious**
- They have a **positive vega** which allows them to take some heat if the stock starts **pulling back**
- You can also create **protected diagonal** strategies which can smooth more of the **downside risk**


SPX
Commission: Exclude
Lines: +1 @ Expiration
Step: N/A
Metric: P/L Open
Prob mode: ITM
68.27%
04/26/2022
Drag chart to panDrag prices to change scale
Click chart for data
About 29 / 34 days out
51.15%
48.85%
Bearish Diagonal
+ 3000
+ 2000
+ 1000
0
- 1000
3/28/22
4/26/22
4547.91
4200
4300
4400
4500
4600
4700
Pos theta
Pos Vega
Price Slices
Stk Price
Offset
Delta
Gamma
Theta
Vega
P/L %
P/L Day
Margin Req
4547.91
$0
-2.513
-.008
3.230
44.934
0.00%
$0.02
$0.00
Positions and Simulated Trades
ALL
Hide Positions
All 2 Series
Single Symbol
All groups
Model: Bjerksund-Stensland
Interest: 0.25%
Date: 03/28/2022
Spread
Side
Qty
Symbol
Exp
Strike
Type
Price
Yield
Vol
Vol Adj
Delta
Margin ...
SPX
IND
0
SPX
INDEX
.00
0.00%
22.46%
0.00%
.00
CUSTOM
BUY
+1
SPX
29 APR 22 (We
4460
PUT
11.90
1.01%
19.74%
0.00%
-2.513
SELL
-1
SPX
25 APR 22 (We
4450
PUT
DEBIT
1.03%
19.37%
0.00%
$0.00

Strategy: Spread Capital



- In nasty markets it is nice to **spread capital** into different areas
- Having **bullish and bearish** positions can eliminate **single directional risk**
- Look at **positive and negative** vega positions
- Create positions that have **different durations** (often longer)
- Use **different strikes** so you can spread the risk at different price points
- **Trade lighter** so you can sprinkle capital across many more **days**, **weeks**, or even multiple **months**

QUESTIONS?

BOUNCING
AFTER SELL-OFF

How the Market Behaves



- The market is **bouncing** after it recently had a **nasty sell-off**
- Some bounces appear to be **exceptionally strong & huge**, but after a few days can give it all back
- Professionals are **taking profits** off their shorts helping the bounce and create a **mini rally**. Some **long investors** buying some of the **dips**
- Often the bounce is on **weaker volume** than the selling volume and speed we came down on
- ✋ This can be a tricky market to trade because of mixed signals

Technically Identify



- If we use basic technicals and a simple concept of **moving averages** we can get an idea in spotting this market condition
- Take the **10, 21, 34, 55, & 89 exponential moving averages**
- After a longer-term down trend you will often find a **sideways** movement (or **consolidation**)
- On the down move, the moving averages will have the **shortest** duration on the **bottom** and longest duration on top
- As we start **bouncing**, the **shorter duration** moving average will start to get **above** the longer term durations

The Mindset of these Markets



- The market is **still choppy** and it is attempting to move to the **upside fast**
- You will be **excited** to buy on the **dip** as you don't want to **miss the move**
- You will want to **get in quickly** as stocks are moving fast to the **upside**
- Once you get in and buy, stocks start to **pull back** slightly and you **get scared**
- Some get **stopped out**, others wonder if they made a **bad choice**

What to Watch Out for



- Watchout that you **don't get sucked** into the **bullish tendencies** of the market
- It can be moving up on **lighter volume** even if the **price action** appears strong
- The market is **still bearish** and probably **whippy**, so **don't** tweak, change, or adjust all your positions in **one day**
- **Remember:** a few days do not make a trend
- **Sell-offs** can come **quickly** as the market is shakey

How to Approach this Market

- Trade **lighter** as the market starts to bounce
- If you normally trade **100 shares**, maybe go with **20 shares** instead
- If you are a **long-investor** and you want to **nibble**, split your position into **1-3 months** as to not concentrate your **risk** on **one day**
- Since the market is on thin ice, you can have **surprise nasty days** that can whip you around
- ⏰ **Remember:** market is bouncing from a recent sell-off and can have more nasty **selling pressure** to come



Strategies Ideas

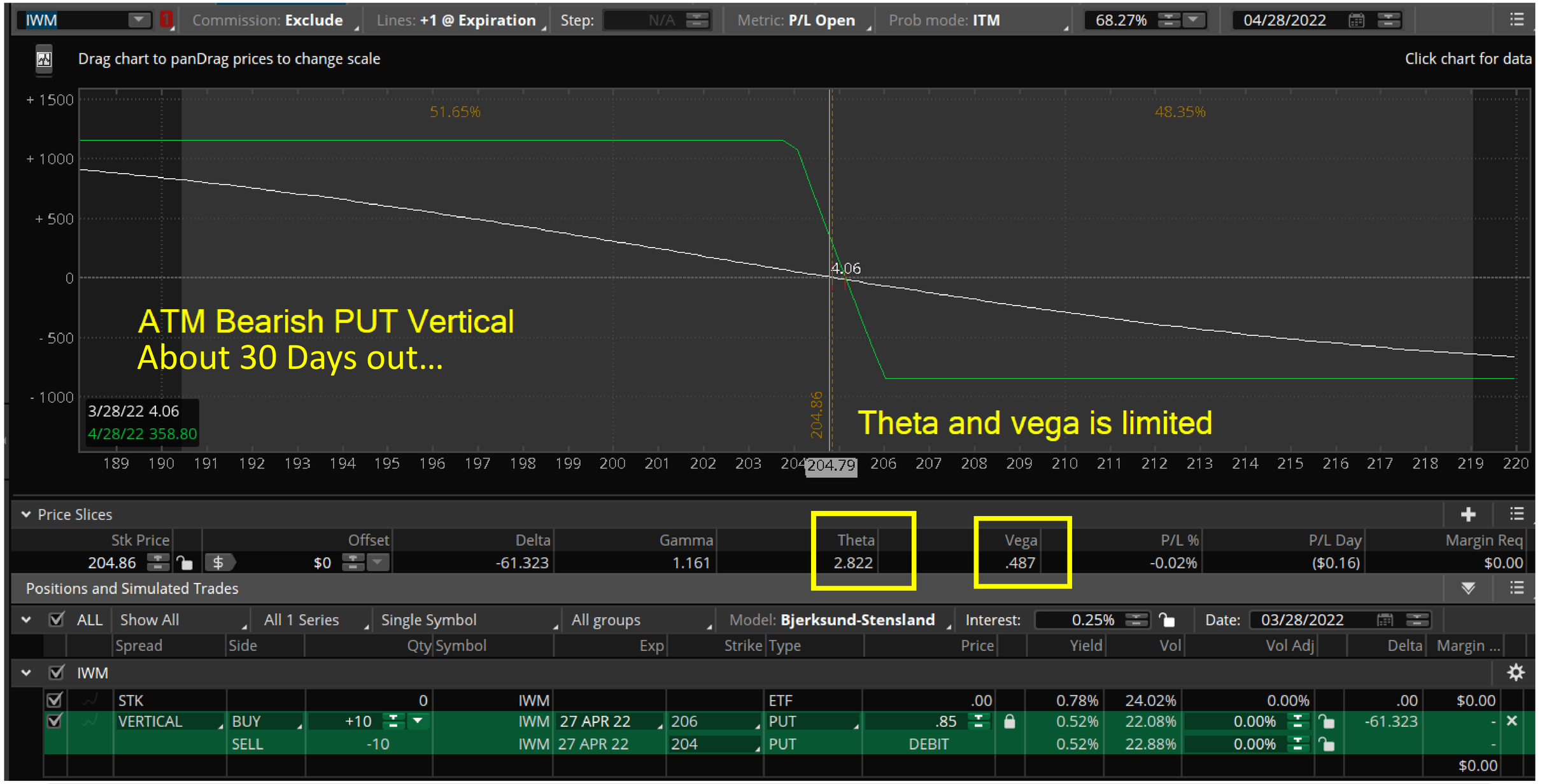


- Risk defined trades like an **ATM vertical** spread
- **Diagonals** (maybe with protection)
- Selling closer (**stronger delta**) calls against your stock
- Selling **protected vertical PUTS** (back-ratio spreads)
- Bullish **butterflies** (or broken winged)
- Tight on PUT side **iron condors**

Strategy: ATM Vertical



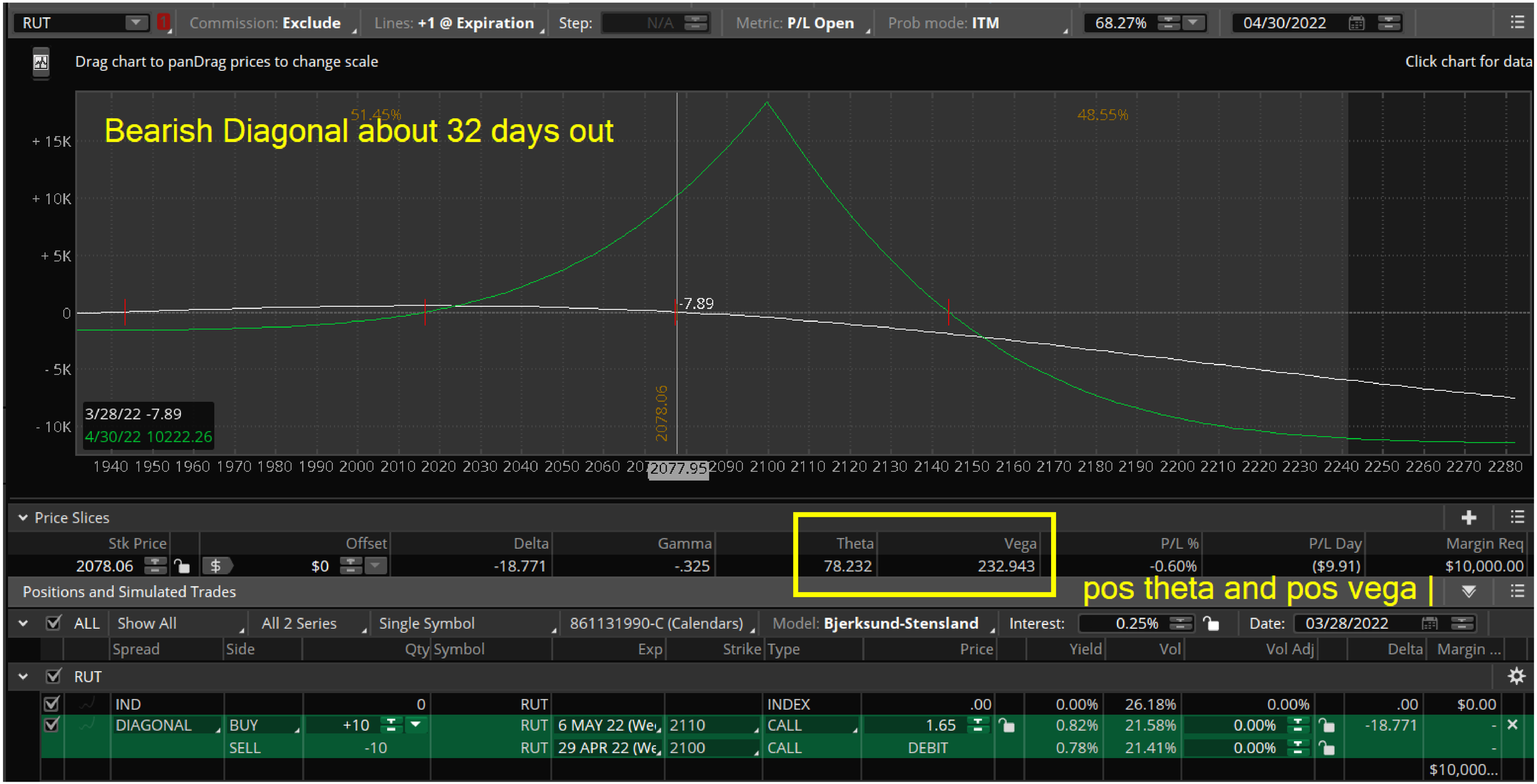
- ATM Verticals (like a **50/50 spread**) or in-out spread a great **risk-defined trade**
- When the market bounces after a sell-off, you will want to watch for a **secondary sell-off or a retest**
- A **50/50** strategy you are looking for movement and then you **take it off** when it moves in your favor
- ⏰ Remember the probability of **touching** is **higher** than the probability of **expiring** and why this strategy works so well


IWM
Commission: Exclude
Lines: +1 @ Expiration
Step: N/A
Metric: P/L Open
Prob mode: ITM
68.27%
04/28/2022
Drag chart to panDrag prices to change scale
Click chart for data
+ 1500
+ 1000
+ 500
0
- 500
- 1000
51.65%
48.35%
4.06
ATM Bearish PUT Vertical
About 30 Days out...
Theta and vega is limited
3/28/22 4.06
4/28/22 358.80
204.86
204.79
189 190 191 192 193 194 195 196 197 198 199 200 201 202 203 204 206 207 208 209 210 211 212 213 214 215 216 217 218 219 220
Price Slices
Stk Price
Offset
Delta
Gamma
Theta
Vega
P/L %
P/L Day
Margin Req
204.86
$0
-61.323
1.161
2.822
.487
-0.02%
($0.16)
$0.00
Positions and Simulated Trades
ALL
Show All
All 1 Series
Single Symbol
All groups
Model: Bjerksund-Stensland
Interest: 0.25%
Date: 03/28/2022
Spread
Side
Qty
Symbol
Exp
Strike
Type
Price
Yield
Vol
Vol Adj
Delta
Margin ...
IWM
STK 0 IWM ETF .00 0.78% 24.02% 0.00% .00 $0.00
VERTICAL BUY +10 IWM 27 APR 22 206 PUT .85 0.52% 22.08% 0.00% -61.323
SELL -10 IWM 27 APR 22 204 PUT DEBIT 0.52% 22.88% 0.00%
$0.00

Strategy: Diagonals



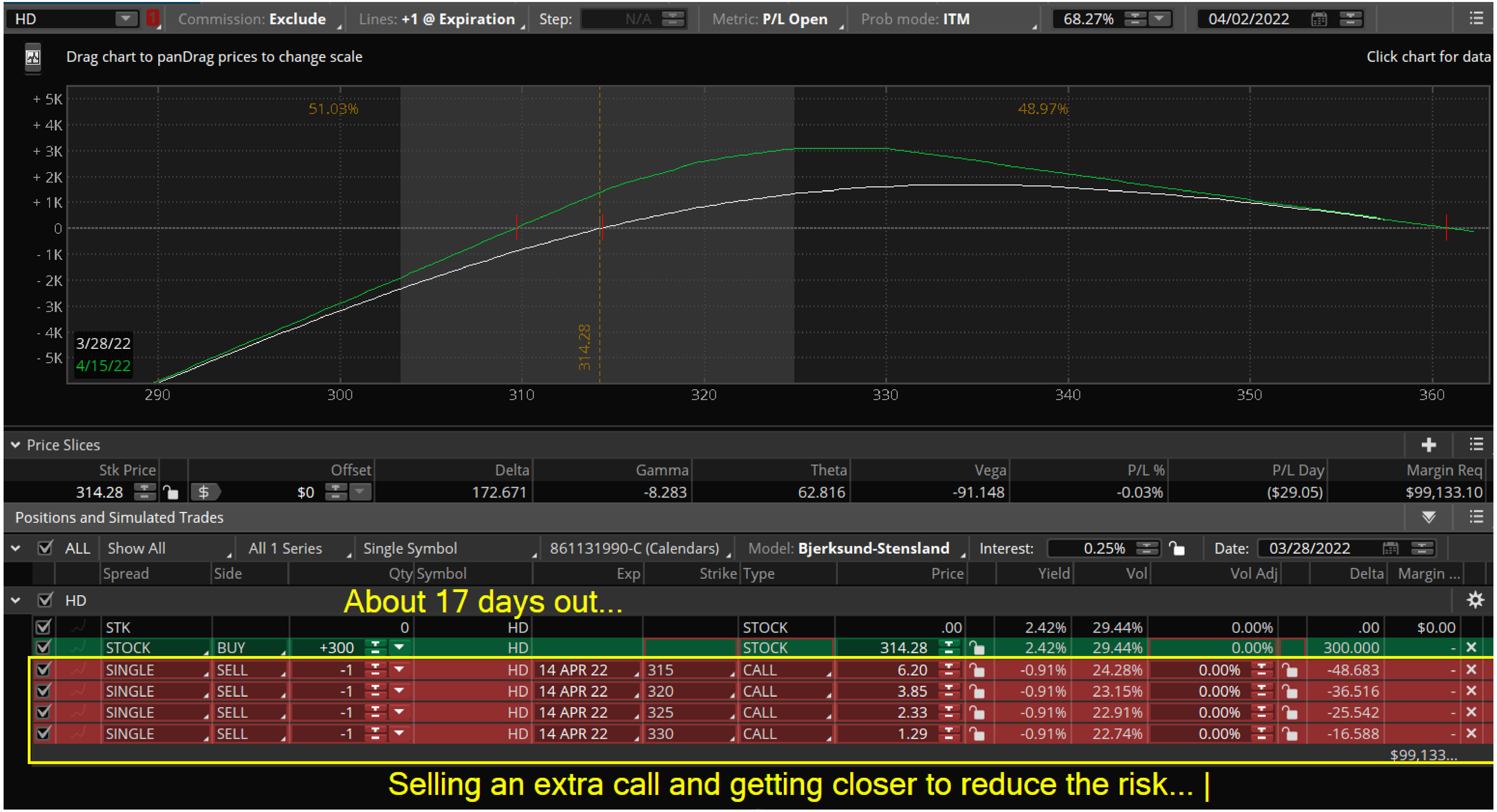
- Why buy diagonals? Diagonals are **positive vega** trades and they can be a **covered call alternative**
- If you like selling **vertical PUTS**, then this is a great alternative to a **positive vega** trade
- When the market is **bouncing** after a **sell-off** this positive vega can help **protect** you slightly
- It allows you to get some **long-exposure** with slightly **less risk**
- You can do it with an **extra layer of protection** if you like


RUT
Commission: Exclude
Lines: +1 @ Expiration
Step: N/A
Metric: P/L Open
Prob mode: ITM
68.27%
04/30/2022
Drag chart to panDrag prices to change scale
Click chart for data
Bearish Diagonal about 32 days out
51.45%
48.55%
+ 15K
+ 10K
+ 5K
0
- 5K
- 10K
-7.89
2078.06
3/28/22 -7.89
4/30/22 10222.26
1940 1950 1960 1970 1980 1990 2000 2010 2020 2030 2040 2050 2060 2077.95 2090 2100 2110 2120 2130 2140 2150 2160 2170 2180 2190 2200 2210 2220 2230 2240 2250 2260 2270 2280
Price Slices
Stk Price
Offset
Delta
Gamma
Theta
Vega
P/L %
P/L Day
Margin Req
2078.06
$0
-18.771
-.325
78.232
232.943
-0.60%
($9.91)
$10,000.00
pos theta and pos vega
Positions and Simulated Trades
ALL
Show All
All 2 Series
Single Symbol
861131990-C (Calendars)
Model: Bjerksund-Stensland
Interest: 0.25%
Date: 03/28/2022
Spread
Side
Qty
Symbol
Exp
Strike
Type
Price
Yield
Vol
Vol Adj
Delta
Margin ...
RUT
IND 0 RUT INDEX .00 0.00% 26.18% 0.00% .00 $0.00
DIAGONAL BUY +10 RUT 6 MAY 22 (We 2110 CALL 1.65 0.82% 21.58% 0.00% -18.771 -
SELL -10 RUT 29 APR 22 (We 2100 CALL DEBIT 0.78% 21.41% 0.00% -
$10,000...

Strategy: Selling Calls



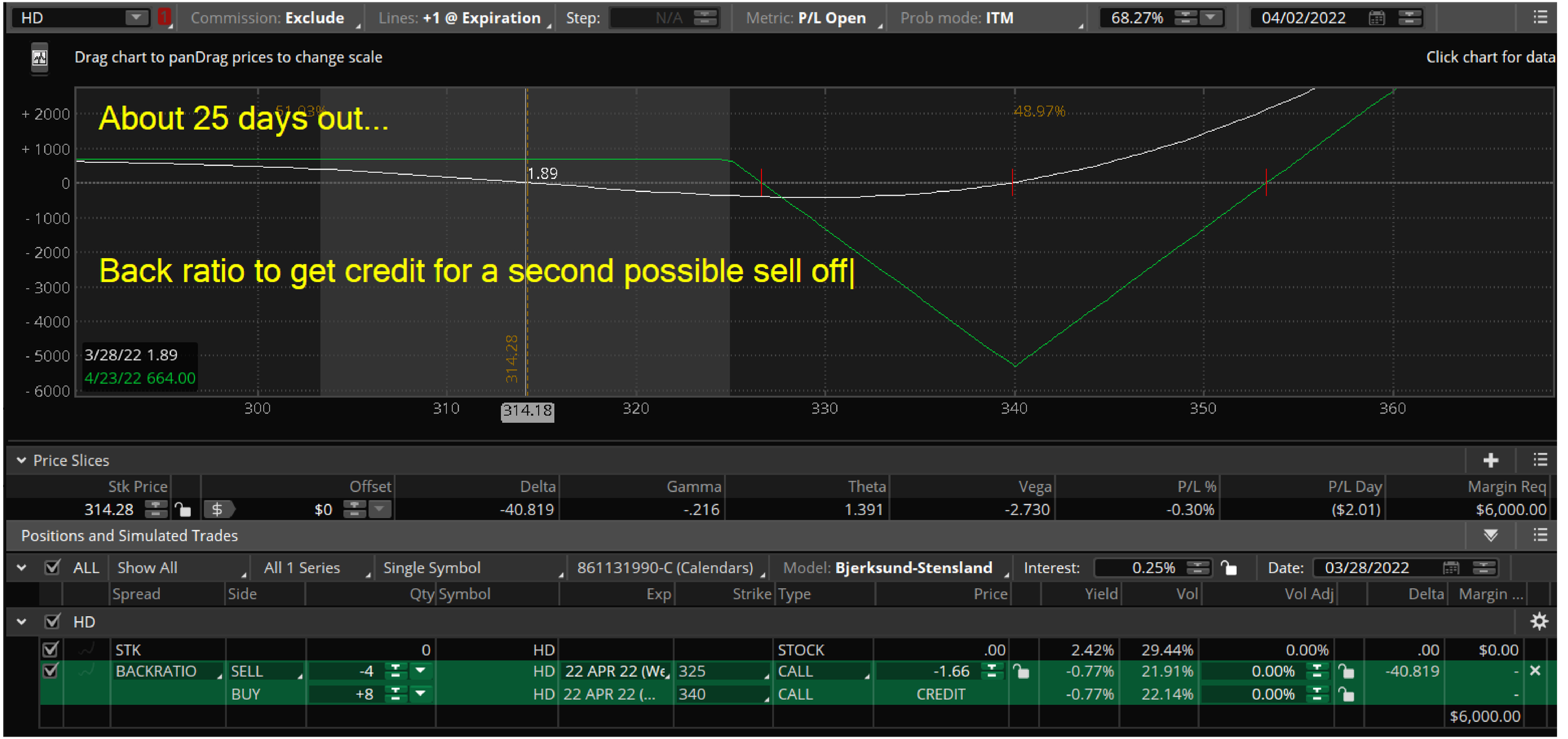
- Why sell calls? Calls **reduce** the overall **exposure** to your long stock
- If you are concerned about another **pull back** you can **sell calls** that are **ATM** or even **ITM**
- Stronger calls will help protect you against a **nasty down move** and reduce your **deltas** more
- You can even sell a few calls such as **2 or 3 calls** for 100 shares if you do it **cautiously**


HD
Commission: Exclude
Lines: +1 @ Expiration
Step: N/A
Metric: P/L Open
Prob mode: ITM
68.27%
04/02/2022
Drag chart to panDrag prices to change scale
Click chart for data
51.03%
48.97%
+ 5K
+ 4K
+ 3K
+ 2K
+ 1K
0
- 1K
- 2K
- 3K
- 4K
- 5K
3/28/22
4/15/22
314.28
290
300
310
320
330
340
350
360
Price Slices
Stk Price
Offset
Delta
Gamma
Theta
Vega
P/L %
P/L Day
Margin Req
314.28
$0
172.671
-8.283
62.816
-91.148
-0.03%
($29.05)
$99,133.10
Positions and Simulated Trades
ALL
Show All
All 1 Series
Single Symbol
861131990-C (Calendars)
Model: Bjerksund-Stensland
Interest: 0.25%
Date: 03/28/2022
Spread
Side
Qty
Symbol
Exp
Strike
Type
Price
Yield
Vol
Vol Adj
Delta
Margin ...
HD
About 17 days out...
STK 0 HD STOCK .00 2.42% 29.44% 0.00% .00 $0.00
STOCK BUY +300 HD STOCK 314.28 2.42% 29.44% 0.00% 300.000 -
SINGLE SELL -1 HD 14 APR 22 315 CALL 6.20 -0.91% 24.28% 0.00% -48.683 -
SINGLE SELL -1 HD 14 APR 22 320 CALL 3.85 -0.91% 23.15% 0.00% -36.516 -
SINGLE SELL -1 HD 14 APR 22 325 CALL 2.33 -0.91% 22.91% 0.00% -25.542 -
SINGLE SELL -1 HD 14 APR 22 330 CALL 1.29 -0.91% 22.74% 0.00% -16.588 -
$99,133...
Selling an extra call and getting closer to reduce the risk... |

Strategy: Back-Ratio

- Why back-ratio spreads? Maybe you want to sell puts for **premium income**, but are worried for another leg down...
- Doing a **back-ratio** for a **credit** can be a nice way to **protect** that downside **risk**
- It doesn't mean you won't lose if the stock goes against you, but you **lose less** allowing you to take **less expensive shots**




HD
Commission: Exclude
Lines: +1 @ Expiration
Step: N/A
Metric: P/L Open
Prob mode: ITM
68.27%
04/02/2022
Drag chart to panDrag prices to change scale
Click chart for data
About 25 days out...
Back ratio to get credit for a second possible sell off|
51.03%
48.97%
1.89
3/28/22 1.89
4/23/22 664.00
314.28
314.18
+ 2000
+ 1000
0
- 1000
- 2000
- 3000
- 4000
- 5000
- 6000
300
310
320
330
340
350
360
Price Slices
Stk Price
Offset
Delta
Gamma
Theta
Vega
P/L %
P/L Day
Margin Req
314.28
$
$0
-40.819
-.216
1.391
-2.730
-0.30%
($2.01)
$6,000.00
Positions and Simulated Trades
ALL
Show All
All 1 Series
Single Symbol
861131990-C (Calendars)
Model: Bjerksund-Stensland
Interest:
0.25%
Date:
03/28/2022
Spread
Side
Qty
Symbol
Exp
Strike
Type
Price
Yield
Vol
Vol Adj
Delta
Margin ...
HD
STK
0
HD
STOCK
.00
2.42%
29.44%
0.00%
.00
$0.00
BACKRATIO
SELL
-4
HD
22 APR 22 (W€
325
CALL
-1.66
-0.77%
21.91%
0.00%
-40.819
-
BUY
+8
HD
22 APR 22 (...
340
CALL
CREDIT
-0.77%
22.14%
0.00%
-
$6,000.00

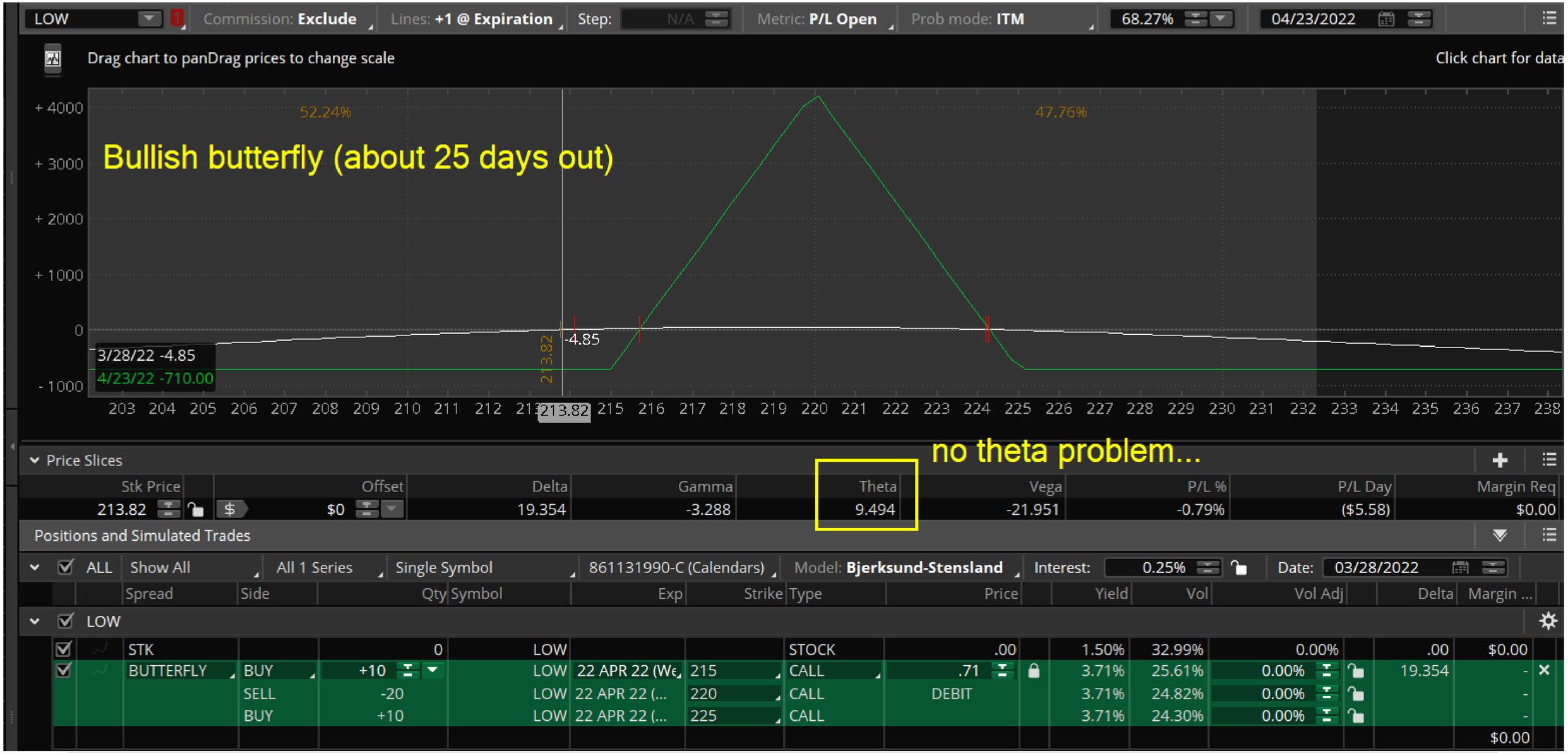
Strategy: Bullish Butterflies



- Why bullish butterflies? If you want to be a **long investor** and are **bullish**, but want to keep your **risk small** – then butterflies are a good starting position

- Butterflies are some of the **cheapest trades** to place and therefore can be **cost efficient** if you want to get some **bullish exposure**

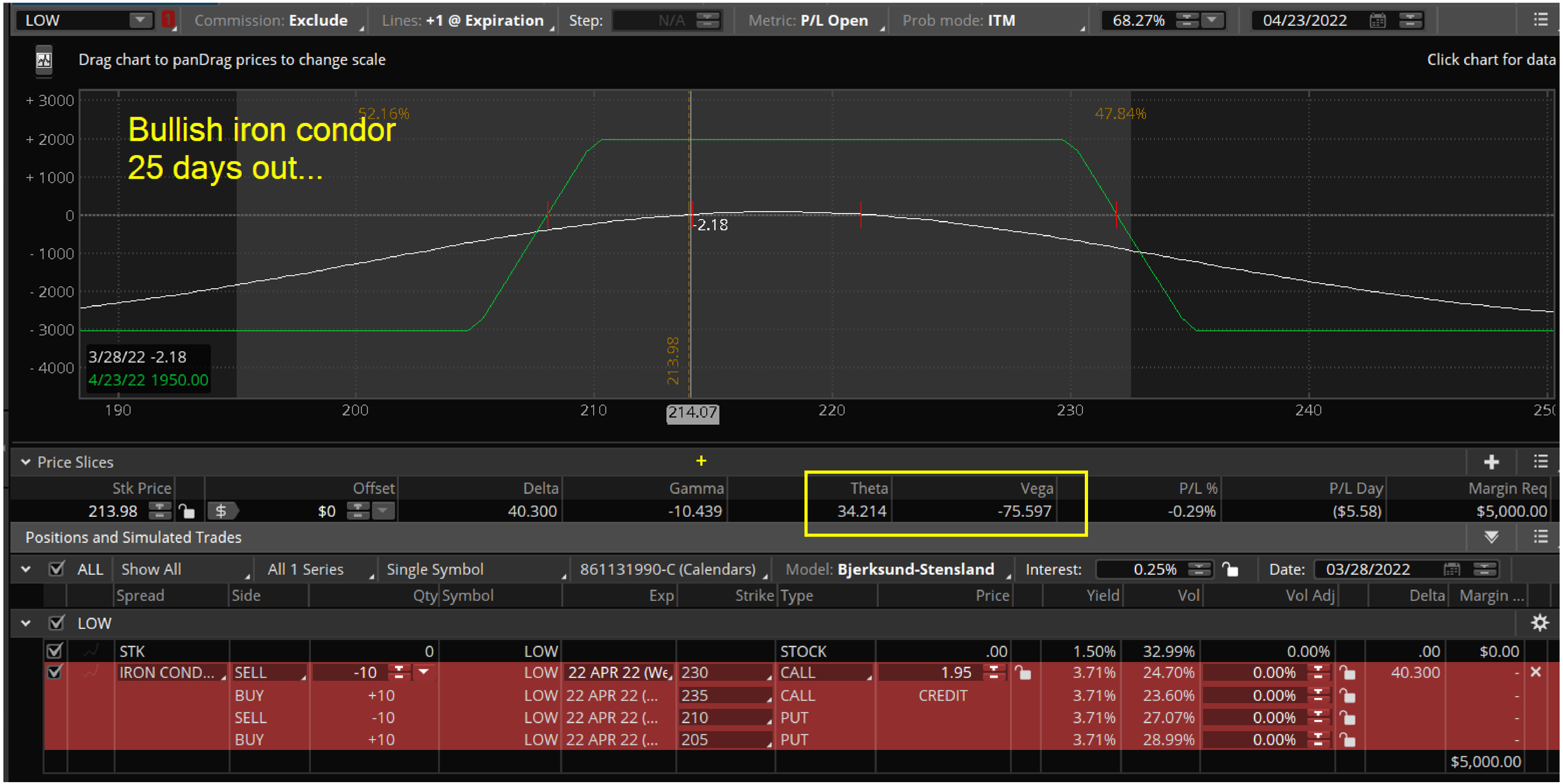
- They have a **nice theta** as your stock price passes your short **strikes** and a short **vega** which will help you when stocks go up


LOW
Commission: Exclude
Lines: +1 @ Expiration
Step: N/A
Metric: P/L Open
Prob mode: ITM
68.27%
04/23/2022
Drag chart to panDrag prices to change scale
Click chart for data
Bullish butterfly (about 25 days out)
52.24%
47.76%
+ 4000
+ 3000
+ 2000
+ 1000
0
- 1000
3/28/22 -4.85
4/23/22 -710.00
213.82
-4.85
203 204 205 206 207 208 209 210 211 212 213 213.82 215 216 217 218 219 220 221 222 223 224 225 226 227 228 229 230 231 232 233 234 235 236 237 238
Price Slices
no theta problem...
Stk Price
213.82
Offset
$0
Delta
19.354
Gamma
-3.288
Theta
9.494
Vega
-21.951
P/L %
-0.79%
P/L Day
($5.58)
Margin Req
$0.00
Positions and Simulated Trades
ALL
Show All
All 1 Series
Single Symbol
861131990-C (Calendars)
Model: Bjerksund-Stensland
Interest: 0.25%
Date: 03/28/2022
Spread
Side
Qty
Symbol
Exp
Strike
Type
Price
Yield
Vol
Vol Adj
Delta
Margin ...
LOW
STK 0 LOW STOCK .00 1.50% 32.99% 0.00% .00 $0.00
BUTTERFLY BUY +10 LOW 22 APR 22 (We 215 CALL .71 3.71% 25.61% 0.00% 19.354 -
SELL -20 LOW 22 APR 22 (... 220 CALL DEBIT 3.71% 24.82% 0.00% -
BUY +10 LOW 22 APR 22 (... 225 CALL 3.71% 24.30% 0.00% -
$0.00

Strategy: Tight Iron Condors



- Why **tight iron condors**? Similar to a butterfly, these allow you to get some **long delta exposure** without too much **capital at risk**
- In other words, it **reduces** your capital outlay compared to a **vertical spread**
- This position is a bit more **directionally aggressive** than a butterfly since you are getting **less protection** and widening your protective leg


LOW
Commission: Exclude
Lines: +1 @ Expiration
Step: N/A
Metric: P/L Open
Prob mode: ITM
68.27%
04/23/2022
Drag chart to panDrag prices to change scale
Click chart for data
Bullish iron condor
25 days out…
52.16%
47.84%
-2.18
213.98
214.07
3/28/22 -2.18
4/23/22 1950.00
+ 3000
+ 2000
+ 1000
0
- 1000
- 2000
- 3000
- 4000
190
200
210
220
230
240
Price Slices
Stk Price
Offset
Delta
Gamma
Theta
Vega
P/L %
P/L Day
Margin Req
213.98
$0
40.300
-10.439
34.214
-75.597
-0.29%
($5.58)
$5,000.00
Positions and Simulated Trades
ALL
Show All
All 1 Series
Single Symbol
861131990-C (Calendars)
Model: Bjerksund-Stensland
Interest: 0.25%
Date: 03/28/2022
Spread
Side
Qty
Symbol
Exp
Strike
Type
Price
Yield
Vol
Vol Adj
Delta
Margin ...
LOW
STK 0 LOW STOCK .00 1.50% 32.99% 0.00% .00 $0.00
IRON COND... SELL -10 LOW 22 APR 22 (We 230 CALL 1.95 3.71% 24.70% 0.00% 40.300 -
BUY +10 LOW 22 APR 22 (... 235 CALL CREDIT 3.71% 23.60% 0.00% -
SELL -10 LOW 22 APR 22 (... 210 PUT 3.71% 27.07% 0.00% -
BUY +10 LOW 22 APR 22 (... 205 PUT 3.71% 28.99% 0.00% -
$5,000.00

QUESTIONS?

CHEATSHEET

High VIX

- When the VIX is high, stocks probably **sold off** a bit. You may want to give you self **time** for a **possible pop** sometime in the future and be more **directional** (**bullish**)
- If you buy the dip and are often early, do it **with protection** or **spreads**
- **Non-directional trades**: you may want to avoid until the VIX is under 30, but if you want to do it, you can do it with some protection and/or stick to short vega trades
- You may want to **leg into positions** such as selling PUT verticals on down days and selling CALL verticals on up-days
- **Positive vega trades**: Calendars, double diagonals, or positive vega trades can be done, but you may want to do them **shorter duration** to reduce the vega problem (maybe 20 DTE or less)
- Protection is **expensive**, but if you need it – GET IT!

Low VIX

- Be careful as the market usually is **toppy** with a **low vix**
- Premium or protection is **cheap** – get protection if needed
- **Non-directional** trades may want to stick to more **positive vega** like **calendars**, **diagonals**, or **double diagonals** and **longer duration** as the positive vega has time to work in your favor
- **Non-directional** trades (short vega like iron condors, butterflies, or verticals) may want to stick to **adding** some **extra negative delta** or **adding** an **extra put** or protection. Can also **shorten duration.**
- **Doing covered calls?** You may want to sell **closer** to **ATM** for protection or even ITM
- Add in hedging strategies if needed as **premium is cheap** or market is toppy like bearish diagonals, back-ratios, calendar bombs, etc

Normal Up-Trending Markets

- These are great markets for the **regular trader** or **investor**
- Anything **bullish** usually works like **selling PUT verticals**, **bullish vertical CALLS**, **covered calls**, **bullish diagonals**, **broken-winged butterflies**
- Long investors may want to **sell PUTS** to buy stocks on the dips because its hard to chase
- **Non-directional** trading can work fine so long as you are a bad stock picker. If you pick great stocks, then you might want to **lean** a bit more **bullish**

Top-Heavy Markets

- Start **reducing** your **long exposure** and taking some profits
- **Add PUT protection** since it is getting cheap. Get it when you need it or after the market climbed for a longer period of time.
- **Non-directional trades**: start adding some negative delta to your iron condors or butterflies to hedge the vega
- **Negative vega**: trade a shorter duration to hedge off your short vega risk - longer duration can kill you if the market sells off
- **Non-directional**: you can do positive vega trades like diagonals or calendars to hedge off some of the downside risk (30+ DTE)
- Start adding **protected strategies**

Sideways Markets

- Sideways markets can be in **accumulation** or **distribution**
- Since you are compressing, look for trades that **move away** from your sideways range
- Strategies like a **Gamma iron condor** is a nice strategy for these conditions
- **Non-directional** trades can be more **risky** as you might have seen or noticed the sideways trend late
- You can take a shot with a **directional back-ratio** by risking very little for a potential move in your chosen direction
- If you are accumulating (not distributing) then you could be adding to longs or stocks ready to pop

Nasty Sell-Off Markets

- Markets can turn quickly – **if you need a PUT get a PUT**
- The moves are **fast** and **nasty** (similar to high VIX)
- **Selling covered calls?** Sell a stronger delta for more premium or go closer in to reduce delta
- **Want to go long?** Might want to do things with **protection**
- **Want to go short?** Do so on **bounces** and do it for **shorter duration**
- **Non-directional** trades probably should be **avoided** or be **more bearish**

Bouncing After Sell-Off

- **Bounces** can be strong, but it could be a **bearish rally** (watch the volume and a follow-through day)
- These bounces after a sell-off are a great time to **short** for a **few rounds**
- **Long investors** can continue to **add slowly** in these markets with **caution** or **protection**
- **Non-directional** trades with a **bullish bias** can be added for a **trend move**
- **Non-directional** cautious traders can **buy** an **extra PUT** for **protection**