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Cboe Global Markets

Options Tactics (Part 2) – Recurring Non-Directional Plays for Active Traders

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Trader & Founder
Traddictiv

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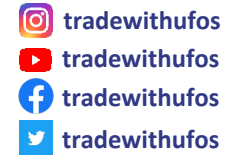
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Options Tactics – Part 2/3

Recurring Non-Directional Plays for Active Traders



Jose Blasco
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Agenda

1. Introductions
2. The 3-Part Series
3. Non-Directional Trading
4. Defining Price Ranges
5. Simplifying Strike/Expiration Selection
6. Real-Time Examples & Applications
7. Executing with TWS
8. Bonus
9. The Certificate of Attendance
10. Q&A



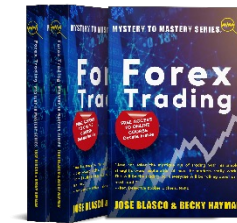
Introduction

Traddictiv Pte. Ltd.

is a trading technology company that provides intelligent tools for traders, investors and hedgers. They also offer education for everyone from the hobbyist to the professional, always along with their patented and easy-to-use trading technology.

Jose Blasco

is a versatile multi-asset trader with expertise in options, equities, futures, and currencies. As the Principal of Traddictiv PTE. LTD., he develops advanced trading technology and implements diverse strategies across global markets. With accolades as an award-winning instructor, published author, and former engineering professor, Jose regularly appears in in-person and online events, sharing his knowledge, experience, and passion for trading and technology with others. His multilingual skills keep him connected to international markets, providing a global perspective for his trading endeavors.



Mystery To Mastery Series

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- Online Trading
- Risk Management
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3 Parts

Options Tactics: 3 Webinars leading to a **Certificate of Attendance**

1. Simplifying Entries & Strike Selection for Directional Traders
2. Recurring Non-Directional Plays for Active Traders
3. Optimal Exits and Efficient Management

Tools (replaceable based on trader's preferences):

- Cboe **SPX**[®] and **XSP**SM (Mini-SPX) & Cboe **VIX**[®] Cash-Settled Options
- TradingView for Charts & TWS for Options Data and Execution
- Traditional Floor Pivots combined with AutoUFOs[®] to define price ranges

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3 Webinars

Attend the 3 Webinars part of this Cboe/IBKR Webinar Series and enjoy unique bonus benefits such as:

- Certificate of Attendance
- Traddictiv® Tools
- Additional Education
- Live Coaching

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<https://ibkr-campus.com/webinar-categories/webinars-aired>

Let's begin!



Non-Directional Outlook

- Given the fact that we plan to be active, we will use intraday timeframes (5-min) and run a process aiming to define a likely intraday price range expecting the SPX Index to remain within the upper/lower ends during the intraday session
- We will use SPX/XSP in all demonstrations throughout this training
- We will use Traditional Floor Trader Pivots (R5, R4, R3, R2, R1, PP, S1, S2, S3, S4, S5) combined with AutoUFOs® to define the intraday range
- We will use TradingView and TWS to analyze and execute

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Intraday Range

Defining the Intraday Range is critical as this will help us:

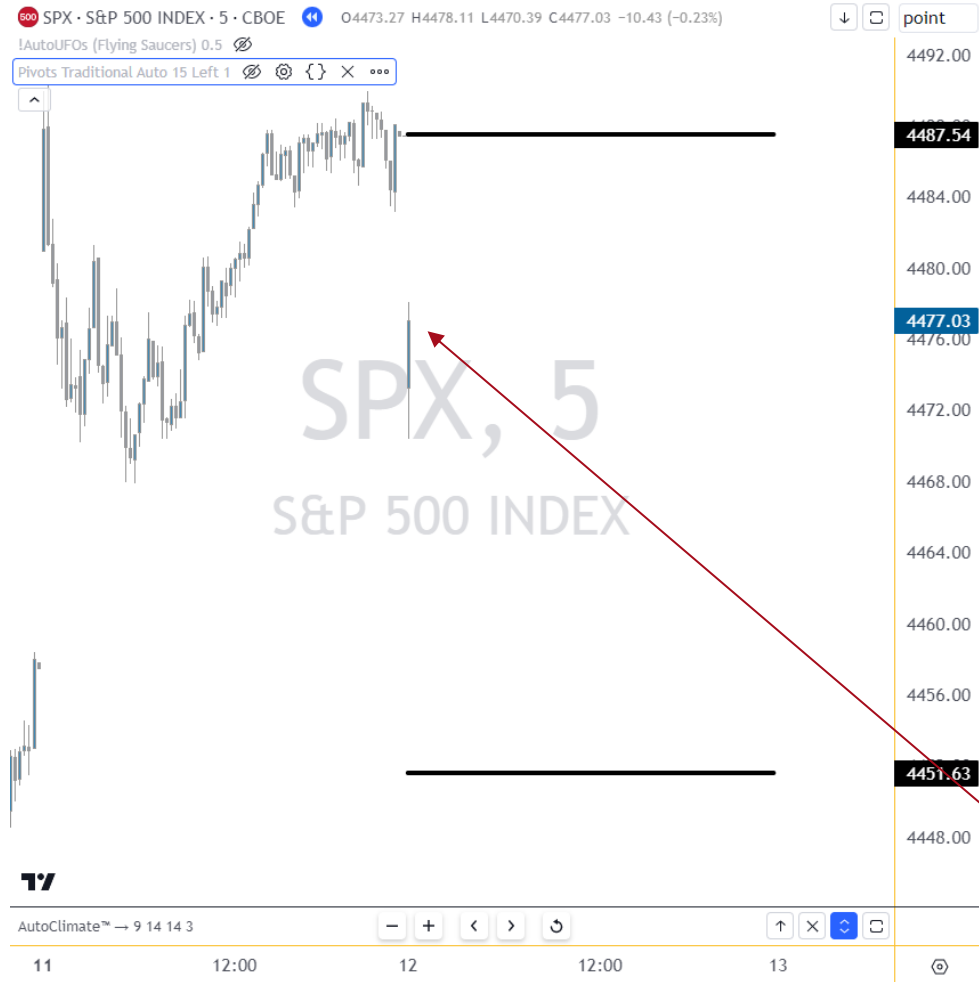
- To be specific when locating our options strikes
- To add odds of success for the trade by defining price ranges with a higher chance for SPX to remain within such price area during the US day session
- To be precise when concluding the trade worked or failed
- To have a simple and mechanical way on how to construct the options strategy

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We are looking for...



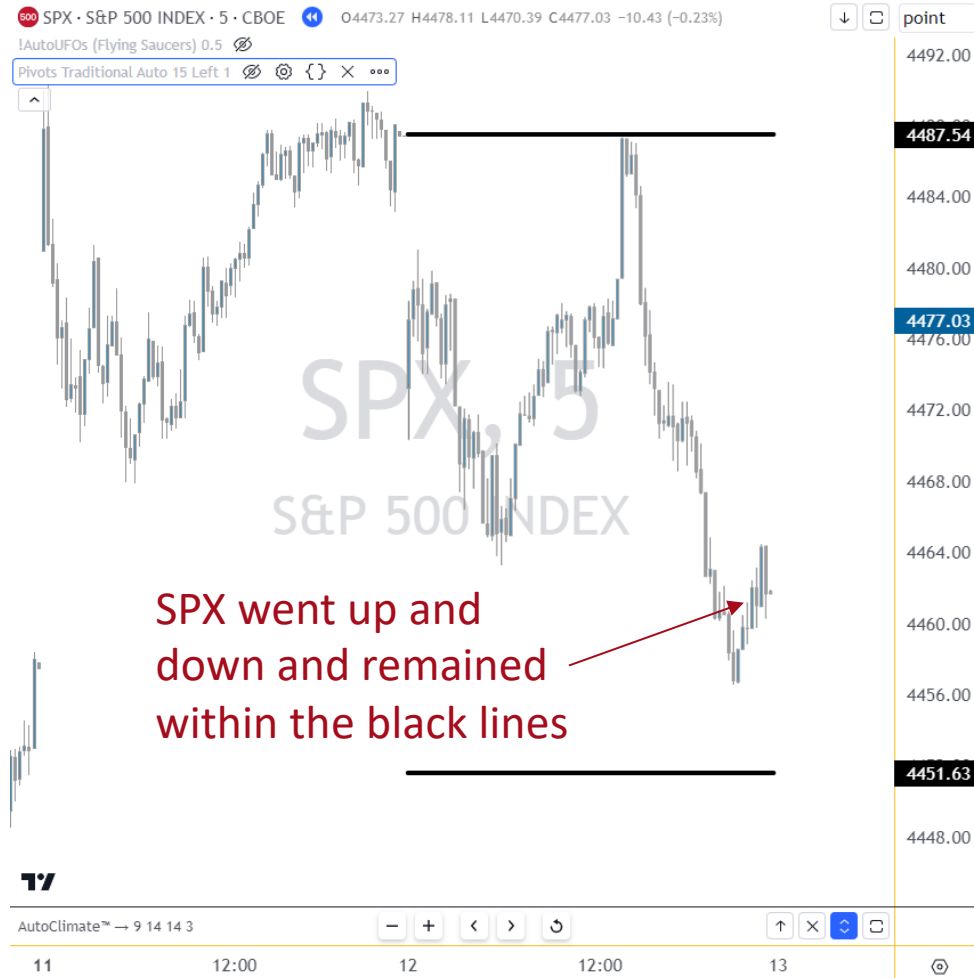
Expected
Intraday
Price Range

Initial 5 minutes of trading
at 8:30 AM CST (Chicago)

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Desired outcome...



- There are many different ways on how to define setups that would qualify as non-directional opportunities
- Later we will adjust options strategies to impact the risk and the potential for profit parameters depending on the trader's plan
- Remember, in this case we have used Traditional Floor Trader Pivots combined with AutoUFOs® to define what the expected range was
- Different traders may use other techniques

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Observations

- Since we are positioning ourselves as active traders ready to act recurrently on a method each day, this first example uses a 5-min timeframe. Later, we will use the real-time SPX data to set intraday opportunities...
- In order to build the options strategy that will take advantage of this setup we need to decide:
 - Type of options strategy
 - Expiration date
 - Strikes

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Options Strategies

Employing strategies that focus on factors such as volatility, time decay, or the range within which the underlying asset is expected to move (instead of betting on whether an asset's price will go up or down).

Typical Options Strategies:

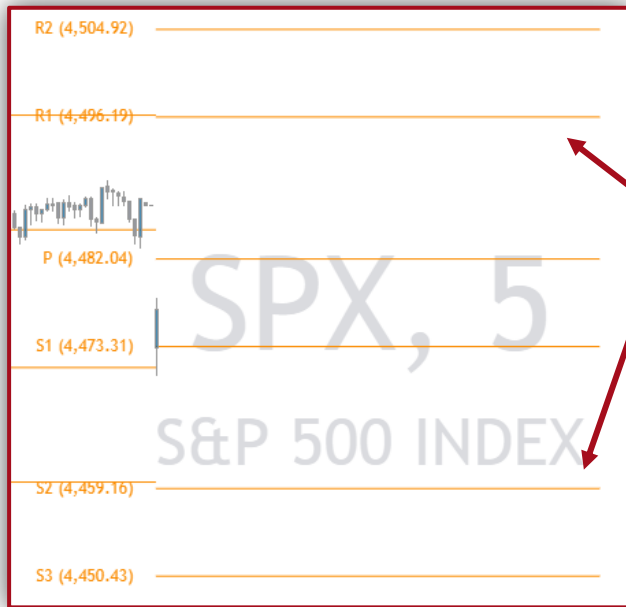
Debit Strategies	Credit Strategies
Calendar Spread/Double Diagonal Spread	Bull Put Spread/Bear Call Spread
Butterfly	Iron Condor/Butterfly
Long Straddle/Strangle	Short Straddle/Strangle

(these are popular strategies commonly used by options traders)

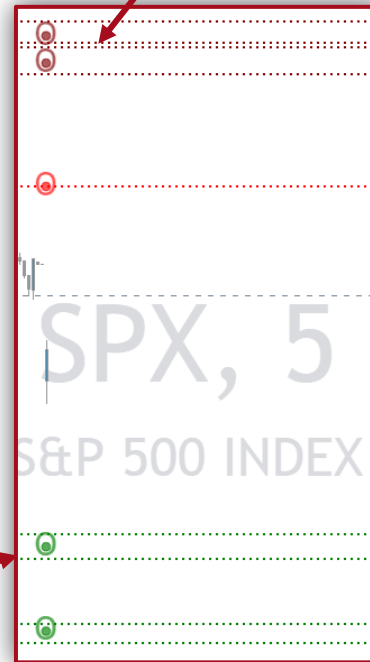
In this session we will focus on **Iron Condors**

Defining the Intraday Range

We will define the expected price range by using Traditional Floor Trader Pivots combined with AutoUFOs®



Floor Trader Pivot Points above and below the SPX current Price



Buy UnFilled Orders (UFOs)

Sell UnFilled Orders (UFOs)

A screenshot of the 'Pivots' settings window. The window has three tabs: 'Inputs', 'Style', and 'Visibility'. Under 'Inputs', 'Type' is set to 'Traditio...', 'Pivots Timeframe' is 'Auto', and 'Number of Pivots Back' is '15'. There is a checked box for 'Use Daily-based Values'. Under 'LABELS', 'Show Labels' and 'Show Prices' are checked, and 'Labels Position' is 'Left'. Under 'LEVELS', 'Line Width' is '1'. There are checkboxes for 'P', 'S1', 'S2', 'S3', 'S4', 'S5', 'R1', 'R2', 'R3', 'R4', and 'R5', all of which are checked. At the bottom, there are 'Defaults', 'Cancel', and 'Ok' buttons.

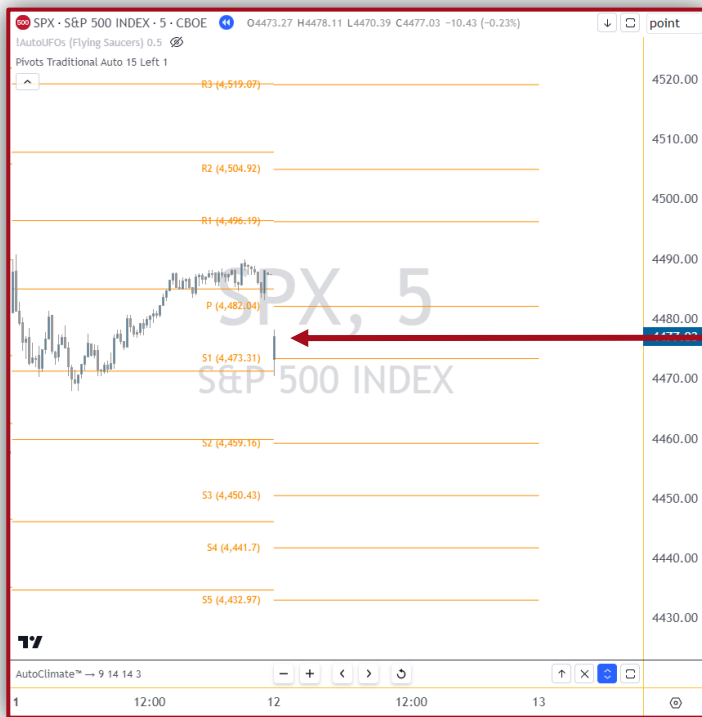
Pivot Settings

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Rule #1 to Define the Range

Rule 1: Turn on Pivots and highlight the pivots points located 2 positions above and below the current SPX Price



Current
Price
Location

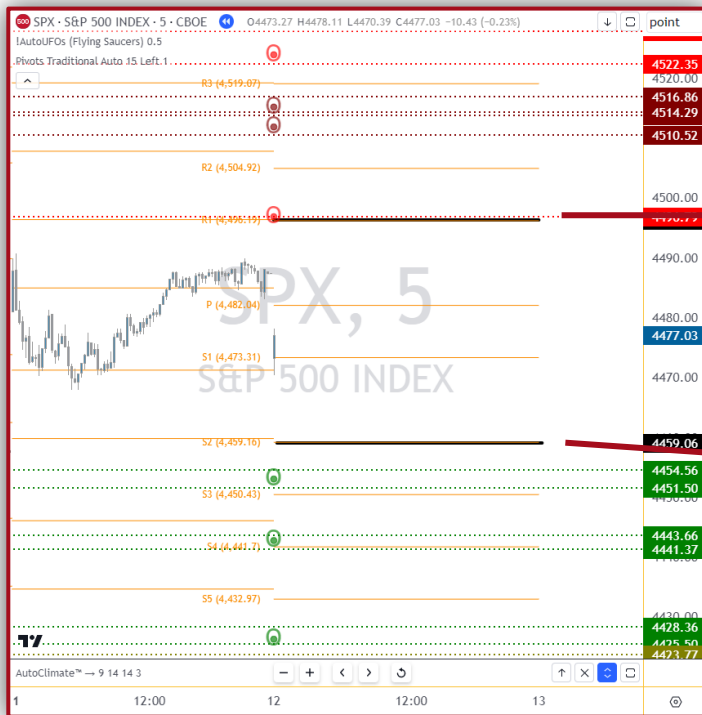


We have highlighted the pivots located 2 positions above and below the SPX current Price

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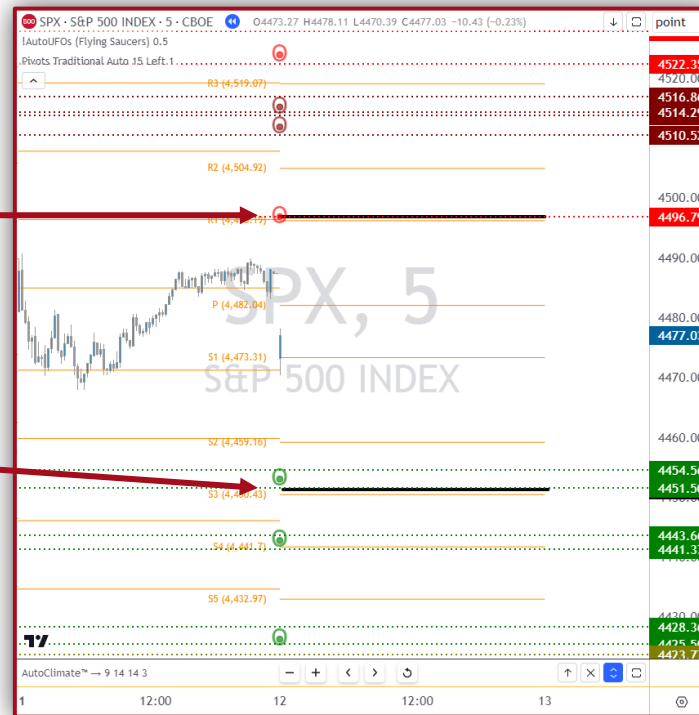
Rule #2 to Define the Range

Rule 2: Turn on AutoUFOs® combined with Floor Pivots and adjust the upper and lower end of our expected range as follows...



Minor adjustment

Adjusted below the green UFO

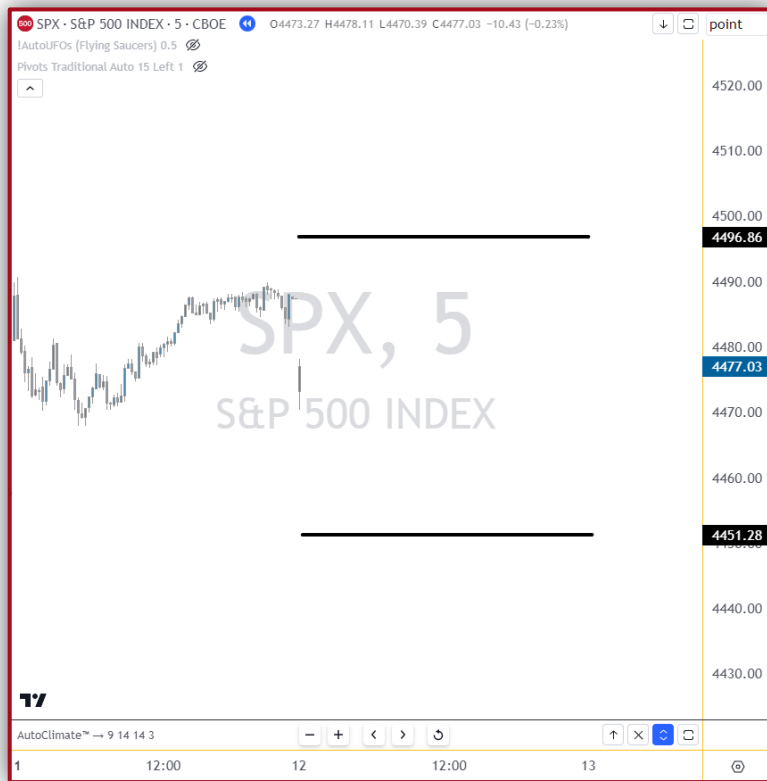


We have set the expected range by adjusting our black lines to the nearest next pivot or UFO beyond the above and below previously highlighted pivots

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Resulting Intraday Range

Now that we know where (which price range) we expect SPX to spend its time during the Intraday session, we can begin constructing our Iron Condor



We round the values to the nearest multiple of 5 and we therefore keep in mind:

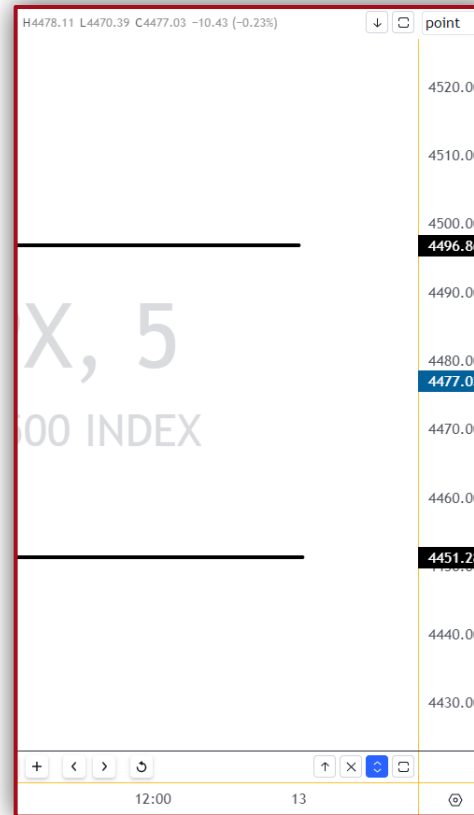
- Upper-end: 4495
- Lower-end: 4450

Ready to build the Options Play?

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Constructing the Options Play

- An Iron Condor is made of Selling a Bear Call Spread and Selling a Bull Put Spread as a combination
- The application implies:
 - Selling the Bear Call Spread above 4495
 - Selling the Bull Put Spread below 4450
- **Using Short-Dated Options that expire on the same day**



+4505c
-4495c

STRIKE
4440
4450
4495
4505

-4450p
+4440p

SPX INDEX PUT/CALLS (Side by Side)		
SEP 13 '23 100 0 DAYS	SEP 14 '23 100 1 DAY	SEP 15 '23 100 2 DAYS

Today's expiration

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End-Result



- SPX spent the day moving up and down within the predefined range and therefore the full profit was realized intraday using Cash-Settled ODTE Options
- The maximum Risk = Required Margin
- Further Trade Management techniques will be discussed in Webinar #3, which will be devoted to reduce the maximum Risk amount

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Before going LIVE!

In order to get your special Webinar #2 bonus tools...

Scan the next slide QR Code and follow the steps!

More training and more tools in Webinar #3 on Oct-24 2023...

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FREE**

SA	SU	MO	TU	WE	TH	FR
26	27	28	29	30	31	1
2	3	4 3-D Commentary UFO Traders' Open Meeting	5	6	7 Trading & Review Jose	8
9	10	11 3-D Commentary	12 Trading & Review Becky	13	14	15
16	17	18 3-D Commentary UFO Traders' Open Meeting	19	20 Trading & Review Bojan	21	22
23	24	25 3-D Commentary	26 Trading & Review Josip	27	28	29
30	1	2	3	4	5	6

TradeWithUFOs Coaching Plan

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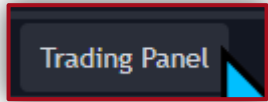


Accessing Charts

We will use TradingView connected to IBKR

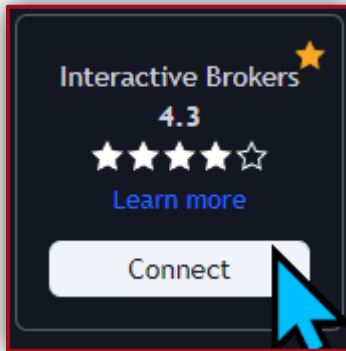
1.

Click on the TradingView Trading Panel



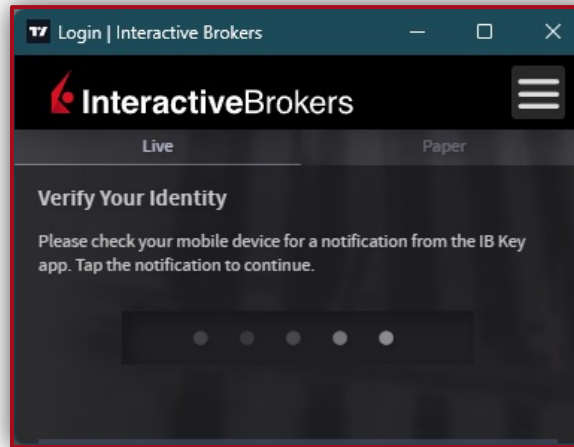
2.

Select Interactive Brokers



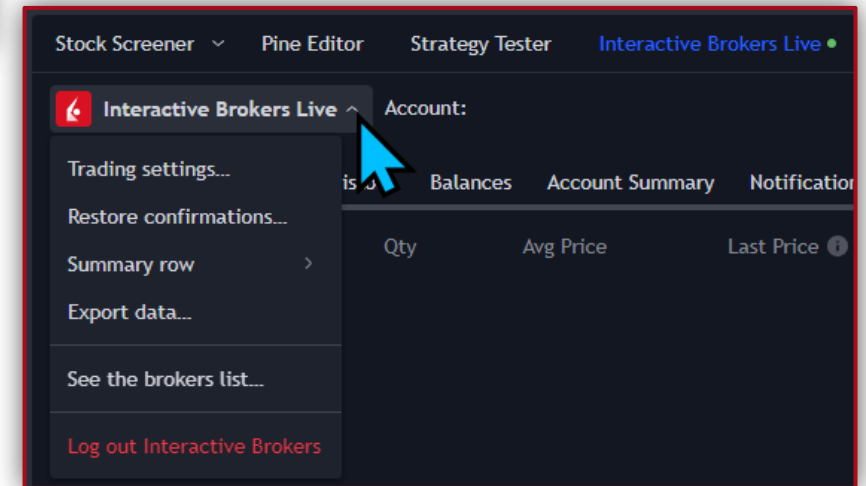
3.

Enter your Credentials and Verify your Identity



4.

The Trading Panel has now changed to Interactive Brokers Live



Executing

- **Order execution and risk management features:**
 - IBKR TWS Platform
 - TWS Strategy Builder built-in the Options Chain
 - Assess risk and margin before Transmitting Orders
 - Entry and Exit Orders residing in IBKR servers

Order Placement

SPX INDEX PUT/CALLs (Side by Side)

SEP 13 '23_w 100 0 DAYS SEP 14 '23_w 100 1 DAY SEP 15 '23 100 2 DAYS SEP 18 '23_w 100 5 DAYS MORE

TABBED VIEW PUT/CALL STRIKES SMART SPXW 100 IV: 15.5%

CALLS							PUTS						
OPTN O...	VOLUME	BID	ASK	ASK SIZE	STRIKE	OPTN O...	VOLUME	BID	ASK	ASK SIZE			
246	246	27.40	28.30	20	4440	682	727	6.00	6.20	74			
370	173	20.50	20.80	12	4450	1.29K	334	9.00	9.20	74			
682	275	2.60	2.70	78	4495	115	19	35.50	36.40	20			
1.08K	1.37K	1.40	1.45	207	4505	105	11	44.20	45.30	32			

Strategy Builder ON Strategies

ACTN	RT	LST TRD DAY	STRIKE	TYP	DELTA	THETA	BID/ASK	SIZE
Leg 1	Buy	1 SEP 13 '23	4505	...	0.088	-1.303	1.40x1.45	1x207
Leg 2	Sell	1 SEP 13 '23	4495	...	0.149	-2.513	2.60x2.70	47x78
Leg 3	Sell	1 SEP 13 '23	4450	...	-0.380	-9.429	9.00x9.20	22x74
Leg 4	Buy	1 SEP 13 '23	4440	...	-0.281	-6.299	6.00x6.20	178x74
Sep13		4440/4450	4495/4505	Iron Condor	0.037	4.338	-4.50x-3.95	1x22

Order Entry LMT QTY 1 LMT -3.90 Credit DAY advanced Margin Impact: 1,000 USD Submit Order

Strikes

Expiration Date

Order Type & Price

Send Order

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Your turn

Any questions?

 www.tradewithufos.com/questions

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