



## Blue Chip Options Settings & Rules

- We use the 8, 20, and 50 day Exponential Moving Averages (EMA) on a Daily Chart
- We use a 14 bar setting for the DMI Plus and DMI Minus
- Bullish Signal – We look for the previous day's bar to be red and close below the 8 day EMA but close above the 20 day EMA. We then have a long signal if the current daily bar is going to close green, the DMI Plus is above the DMI Minus, and the 8 Day EMA is above the 20 day EMA
- Bearish Signal – We look for the 8 day EMA to cross below the 20 day EMA and a daily close below the 50 day EMA. The DMI Minus must also be above the DMI Plus
- After a trade is entered, we use a +25% target and a -50% stop. If we entered a bullish trade, we also use a close below the 20 day EMA as an exit
- We select the options of the following week's expiration, and we choose the option priced most closely to the Daily 20 Period Average True Range x 2
- Trades will only be sent in the last hour of the trading day between 3:00 and 3:45 PM ET