



Index Options Timer Settings & Rules

- We look on a 30 minute chart for a flip on the fast stochastic.
- If the fast stochastic is above 85 and then has a close below 85, we have a short signal and enter a Call Credit Spread.
- If the fast stochastic is below 15 and then has a close above 15, we have a long signal and enter a Put Credit Spread.
- The fast stochastic settings are: k period 55, d period 5, overbought = 85 and oversold = 15. The line to watch is the smoothed d period.
- In Tradestation you may need to use these settings:
 - Length (55), SmoothingLength1 (6), SmoothingLength2 (5), SmoothingType (2), Oversold (15), Overbought (85).
- We generally look to get 0.20 credit on a 1.00 spread – This should roughly equate to a 1 ATR (Average True Range) amount of cushion. We look at the ATR on a daily chart with a 20 bar setting.

Side-Step Filter: If the ETF has made back-to-back closes at new 7-Day Donchian Channel highs then we will skip the next call credit spread signal.

If we see back-to-back closes at new Donchian Channel lows, then we will skip the next put credit spread signal.