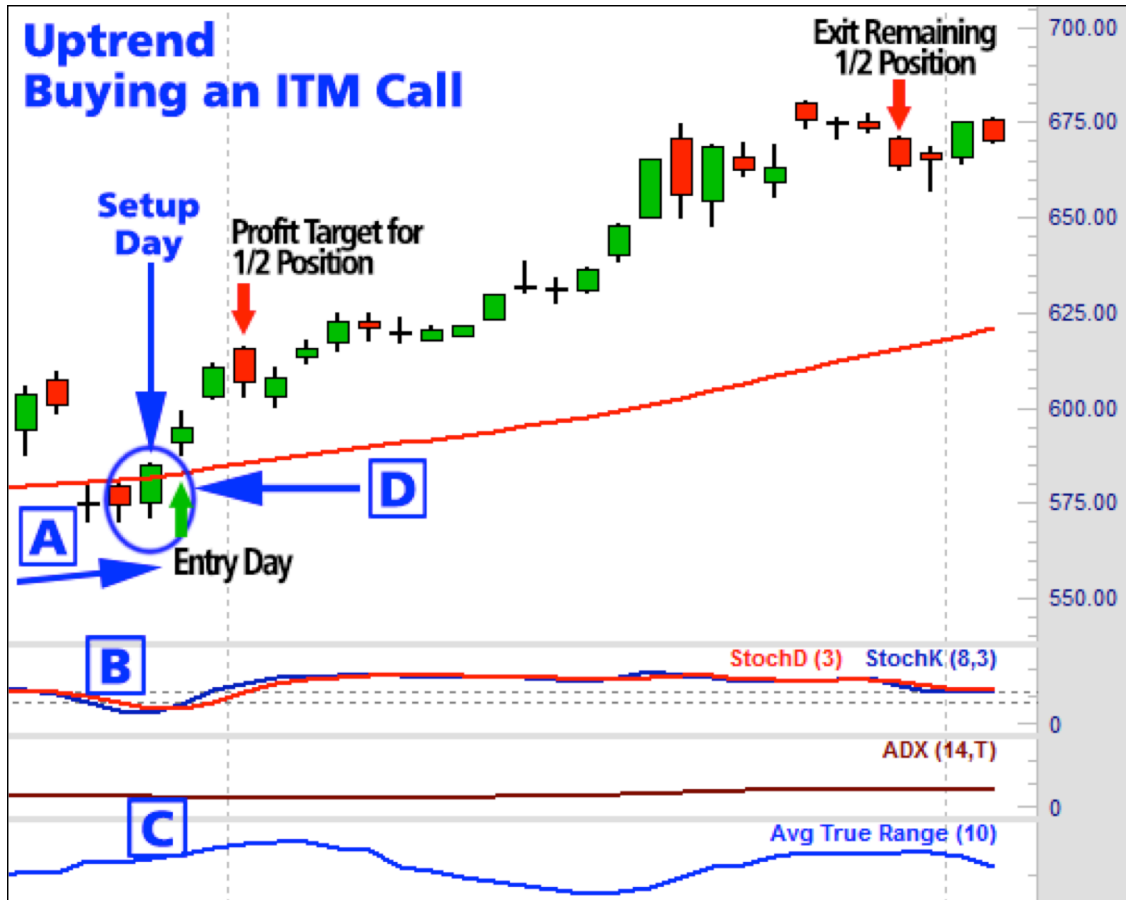


# Candlestick Trigger Method

## Uptrend: Buying an ITM Call

*Options*  
PROFIT ACCELERATOR



### Setup Rules

- 50SMA is going up
- Stochastics %K value of yesterday  $\leq 20\%$
- $ADX(14) > 20$
- Setup day is a green candle & closes in upper 1/2 of its range & (1 or 2 days ago is a red candle) & setup day high  $>$  last red candle high  $\times 1.005$

### Definitions

- 50SMA** = 50 day simple moving average
- %K (8,3,3) Stochastics** = An oscillator that measures the market momentum by comparing a stock's closing price to its price range for a given time period
- ADX(14)** = Average Directional Index based on past 14 days
- ATR(10)** = Average True Range of the past 10 days
- Green Candle** = The close of the day's price action is  $>$  the open
- Red Candle** = The close of the day's price action is  $<$  the open

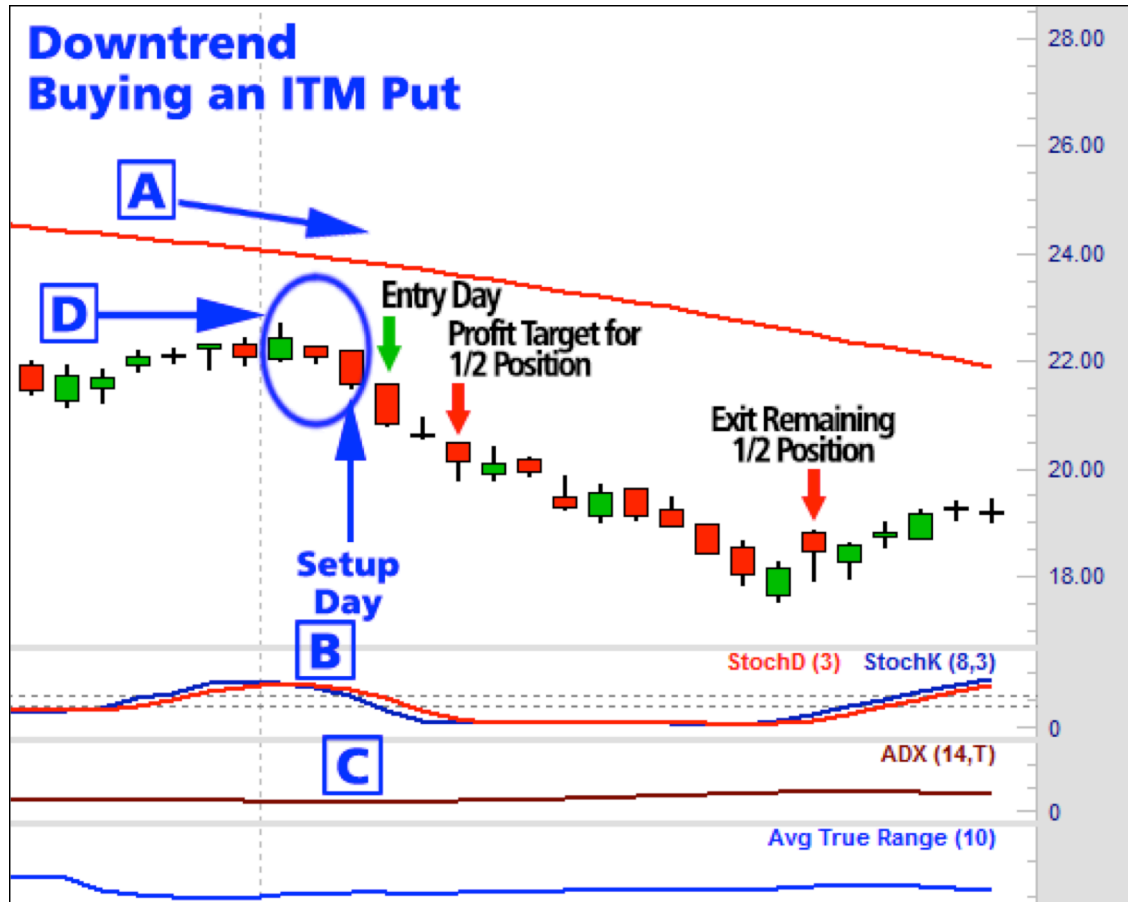
### Entry & Exit Orders

- Entry Order:** Buy-to-open an ITM Call on the open as long as the stock does not trade above the setup day high  $\times 1.005$
- Initial Stop:** Sell-to-close if the stock trades below the LL4  $\times 0.995$
- Profit Target Exit:** Sell-to-close 1/2 position if the stock has jumped by at least 2 ATR(10) as of setup day
- Trailing Stop:** Sell-to-close the entire position (or 1/2 position if profit target hit) if the stock trades below the LL2  $\times 0.995$

# Candlestick Trigger Method

## Downtrend: Buying an ITM Put

*Options*  
PROFIT ACCELERATOR



### Setup Rules

- 50SMA is going down
- Stochastics %K value of yesterday  $\geq 80\%$
- ADX(14)  $> 20$
- Setup day is a red candle & closes in lower 1/2 of its range & (1 or 2 days ago is a green candle) & setup day low  $<$  last green candle low \* 0.995

### Definitions

- 50SMA** = 50 day simple moving average
- %K (8,3,3) Stochastics** = An oscillator that measures the market momentum by comparing a stock's closing price to its price range for a given time period
- ADX(14)** = Average Directional Index based on past 14 days
- ATR(10)** = Average True Range of the past 10 days
- Green Candle** = The close of the day's price action is  $>$  the open
- Red Candle** = The close of the day's price action is  $<$  the open

### Entry & Exit Orders

- Entry Order:** Buy-to-open an ITM Put on the open as long as the stock does not trade below the setup day low \* 0.995
- Initial Stop:** Sell-to-close if the stock trades above the HH4 \* 1.005
- Profit Target Exit:** Sell-to-close 1/2 position if the stock has dropped by at least 2 ATR(10) as of setup day
- Trailing Stop:** Sell-to-close the entire position (or 1/2 position if profit target hit) if the stock trades above the HH2 \* 1.005