TradersEdge NETWORK

ISSUE 1 - Q2 APRIL 2018

MONEY PRESS

Quarterly Watchlist

PREVIEW

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IBD Ranking

ALGN

Ranks 1 in Medical - Products Group

Detailed chart with Support and Resistance



One thing I love about ALGN is for the past 52 weeks it has consistently followed an ascending support line. It has also channeled between 3 horizontal support/resistance lines. Even though ALGN's Premiums, Bid/Ask spread, or Available Strikes are not the best we've seen this quarter, they are still solid and this stock deserves a chance. Keep an eye out for resistance at 266.30 followed by support at 243.80 followed by 221.30 below that. For me, this stock doesn't have to have a huge jump over earnings. As long as it continues channeling, I'm satisfied in ALGN. Remember time value is our biggest ally in the MP strategy so even if a stock goes sideways, it can still be an excellent MP.

Premium	Bid/Ask
Chart	Available Strikes

Easy to read Grade Scale

Detailed explanation of Grading Criteria

Grading Criteria

Premium – What you can receive from a Money Press varies widely from stock to stock. We want to make sure our risk to reward ratio is balanced. For two stocks which are both trading at $50 you could sell a short for .50 on one and $2.00 on another. As a general rule we look to make at least 1% of the -.50 strike with 7 days to expiration. So if stock XYZ has it's -.50 delta strike with 7 days to expiration be $100 we would look to make at least $1.00 when selling the put. This strategy is called the 1% Rule.

Bid Ask Spread – Many times there are stocks with perfect charts and high premiums but have a wide Bid Ask Spreads. When looking to trade these stocks, I find it's very difficult to maneuver in and out of the trade which drastically cuts profits. This happens especially when things are going wrong which is exactly when you need maneuverability. I've coined my Bid Ask Spread criteria the 20% Rule. What we do is take the same strike we use for gaging premium (-.50 delta with 7 days to expiration) and calculate 20% of the Bid. This result is the maximum width between the bid and the ask that I want.

Example: Stock XYZ – April 20th 2018 100 Put (7 days to expiration / -.50 delta)
Bid: 1.10 Ask 1.20

- We take 20% of the Bid (.22) which becomes our maximum width.
- The difference between 1.10 / 1.20 is .10 which is less than our maximum width of .22
- Stock XYZ passes

Chart – A chart's grade is broken down into four parts:

- Before: The first 6th months of a 52 week chart
- After: The current 6th months of a 52 week chart
- Support/Resistance: How well does a chart respect support and resistance and how many trendlines can be drawn?
- Volatility: Is the chart's volatility better than, as good, or worse than the market?

Support/Resistance has the largest weight as overall trading adjustments are clearer when clearly seen.

Available Strikes – When adjusting your long and short put, the more available strikes you have the better customized your trade can be. Available strikes are determined by the range of -.35 and -.55 delta (having 4 or 5 strikes to choose from allows you to decide how ITM or OTM you want to be with your short and/or how much protection you want with your long.

67 Stocks Reviewed

2 E-mail updates during Earnings Cycle

Short List to help you get started faster!

10 Stocks

Worth A Look

1

2

3

4

5

Trade alongside the Pros!

Never miss an Earnings again!

Earnings Calendar



Plan your trading week with our Earnings Calendar