

Iron Condor trading plan (sample)

What to look for ?

- Stock price between \$20-\$200 dollars share with no earnings announcement in the next 14 days.
- ETF's , low volatility, very liquid options are necessary(tight bid/ask)
- Stock trend: range bound between support and resistance(flat)
- Bid/Ask is tight, no more that 5-10% of the strike width
- Look to sell deltas of .20 or less (credit spreads bull put or bear call)
- Sell around 30 days to expiration
- Buy options that are further out of the money than the ones you sold
- Look to receive .20 cent per dollar or greater i.e. (gain.20 cent loss.80 cents)
- Try and get both strikes above resistance for bearish spreads (bear call spread) and below support for bullish (bull put spread)
- Distance between support and resistance shouldn't be greater than 10% of the stock's price

Manage the trade

- Stay in the trade if all strikes are OTM (credit spreads)
- If the chart technically breaks, watch for exit when strikes become ITM
- If stock maintains range between support and resistance, continue
- Buy back the side if trade goes against you or the week of expiry
- Goal to capture 80% of the credits

Things to remember

- This strategy is a low delta trade
- Trade is design to capture time decay
- Trade is high probability (credit spreads) with high risk to reward
- Steady less volatile charts are recommended
- Strong support or resistance is as important as trend
- Max loss should be avoided when possible
- Plan trade around max loss for number of contract (position sizing)
- Avoid uncertainty, like earnings announcement
- Exit when 80% profit is achieved or the week before expiration, exit trade