



# SHERIDAN

OPTIONS MENTORING



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## *“How I Trade Credit Spreads & Iron Condors in Volatile Markets”*

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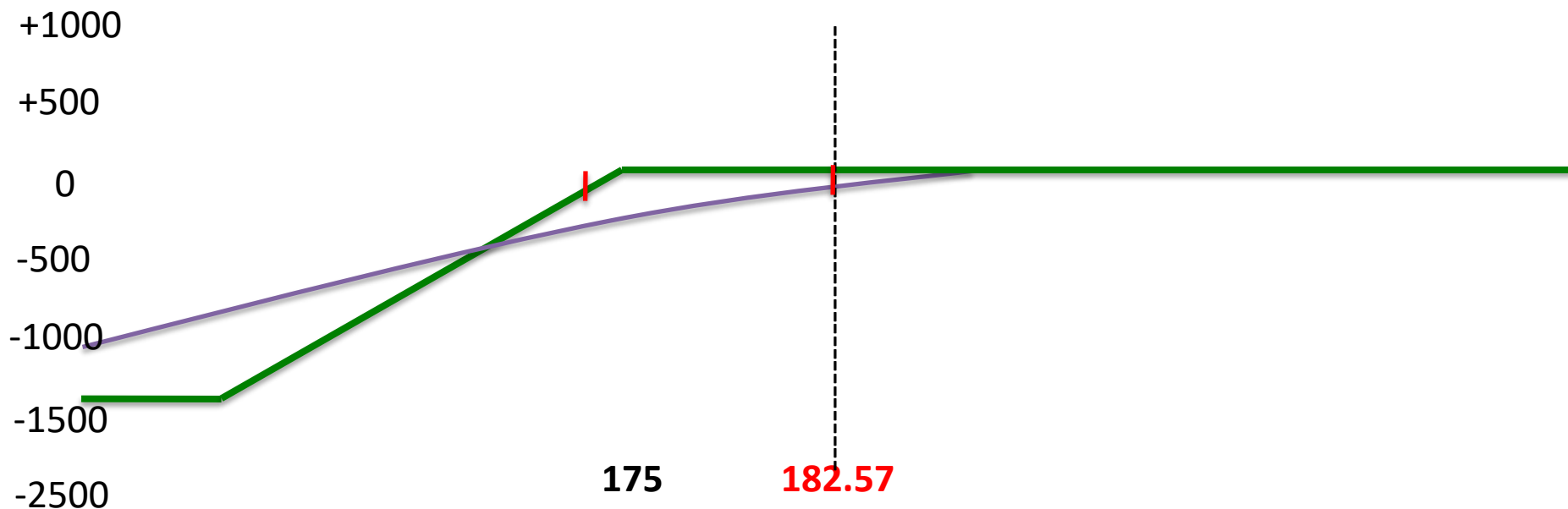
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# Outline: Trading Iron Condors and Credit Spreads

- Credit Spreads
- Iron Condors
- Best Indicators to look at?
- Best Strikes to Sell and Buy?
- Best Duration?
- Best Adjustments?

# Credit Spread (Cash Secured Put Alternative) in MCD.

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Jan 18  
MCD 182.57  
Deltas 19.51  
Gamma -1.92  
Theta 3.14  
Vega -11.31

Sell 1 Feb 22 175 Put \$2 Delta 25  
Buy 1 Feb 22 160 Put \$.50  
\$1.50 Credit  
Margin/Risk \$1350  
Potential Yield 11%

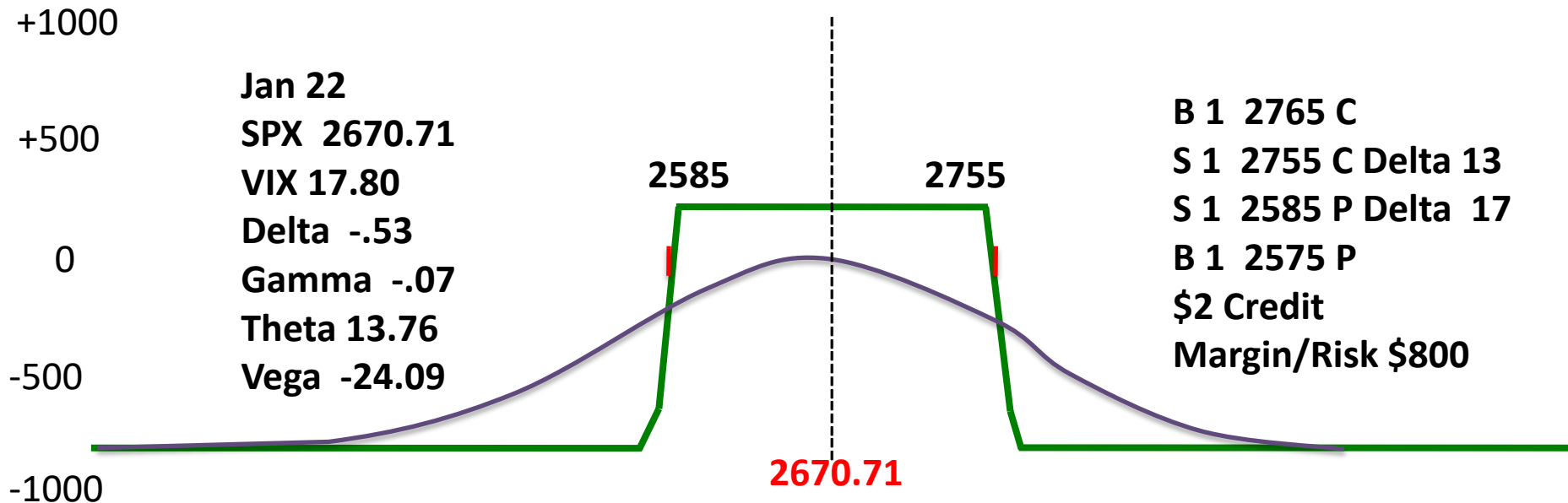
**This trade is 32 Days till Expiration**

# 2 Step Risk Management process

- Step 1: Set Up: Duration 30-35 Days. Sell 20-25 Delta for Short Put. Buy Long Put at a Strike where the price is about 20-25% of the value of the short Put.
- Step 2: Profit Target and Max Loss: 7% Profit Target and 12% Max Loss on the Total Risk of \$1350.

# 10 Day SPX Iron Condor (Every Tuesday)

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**Expiration is Feb 1 , 10 Days till Expiration**

# 4 Step Risk Management Process

- **Step 1:** Set Up- Every Tuesday, 10 Days from Expiration. Sell 13 Delta Call and 17 Delta Put. Buy Long Call and Put 10 Points further out of the money than the short options. Vehicle: SPX.
- **Step 2:** Profit Target and Max Loss- 7% Profit Target and 10% Max Loss on Risk of \$800.
- **Step 3:** When to Adjust? When Delta of Short Strike increases by 6 and the Position P and L is down 5%.
- **Step 4:** How to Adjust? Upside? Buy in short call and sell strike 5 points higher. Downside? Buy in short put and sell strike 5 points lower.

# Indicators

- ATR
- VIX
- Percent Moves in SPX or RUT or SPY or IWM



# Best Strikes to Sell with Credit Spreads and Iron Condors?

- How far out of the money?
- What Delta should I look for with the Short Strike?
- How wide should the Spreads be?

# Best Duration for Iron Condors and Credit Spreads?

- When best to do Longer Duration Iron Condors and Credit Spreads?
- When Best to do Shorter Duration Iron Condors and Credit Spreads?

# Best Adjustments?

- Long Options?
- Vertical Spreads?
- Rolling Out the Bad Side?
- Rolling Closer the good side?
- Just take off?

# Sheridan TV

Each week, Dan Sheridan & guest speakers share with you what they are trading. You will get a look through the window at how they manage their trades and the guidelines and methodology currently being used in Dan's Community. We encouraged you to interact with us on the show, via the Live chat box. You can learn more and watch the latest On-Demand Episode by visiting: [www.SheridanTV.com](http://www.SheridanTV.com)



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