

Michael Drew Iron Condor notes from High Probability Trading 8-24

- 1) The first trade is just that. Adjustments are normal
- 2) It's an annual strategy.
- 3) Personal ego's are expensive. Be disciplined and follow your rules.
- 4) Don't do a trade for less than .50-.55 cents credit.
- 5) Goal is 4-12% monthly.

Actual Trading strategy

- 1) put on initial trade 6-8 weeks from expiration
- 2) ideally 1 to 2 std dev. Out. Typically we sell .10 & -.10 deltas.
- 3) Leave more room to the downside. Markets crash down not up.
- 4) Use 10 point wide strikes 1-5 on etf products (iwm, dia, mnx, xle.. etc.) Michael mostly trades the RUT.
- 5) Newer trade adjustments
 - a) if the short strike delta on the bear call or call vertical reaches .25 to .30 adjust the trade.
 - b) Or if the short strike on the bull put or put vertical reaches -.22 to .25 adjust the trade.
 - c) If your position is down 150% of the credit you received when you initiated the trade then adjust the trade.
- 6) potential adjustments. Aka Savvy tweak. If you are now bearish then avoid bull puts or put vertical. If bullish then avoid bear call or call verticals. If you believe the market is neutral or sideways, then move strikes out and sell enough contract to get back your lost premium. Often times 1.5 times initial number of contracts
- 7) close down spreads early for .20cent debit whenever possible.
- 8) note: if market is going against you close down your trade and wait 1-3 days to see where market settles down. Obviously days to expiration has an impact on this strategy. **YOU NEED MORE THAN 2 WEEKS FOR ADJUSTMENTS.**